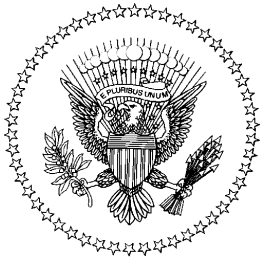


Weekly Compilation of  
**Presidential  
Documents**



Monday, May 17, 1993  
Volume 29—Number 19  
Pages 791–869

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## WEEKLY COMPILATION OF

## PRESIDENTIAL DOCUMENTS

Published every Monday by the Office of the Federal Register, National Archives and Records Administration, Washington, DC 20408, the *Weekly Compilation of Presidential Documents* contains statements, messages, and other Presidential materials released by the White House during the preceding week.

The *Weekly Compilation of Presidential Documents* is published pursuant to the authority contained in the Federal Register Act (49 Stat. 500, as amended; 44 U.S.C. Ch. 15), under

regulations prescribed by the Administrative Committee of the Federal Register, approved by the President (37 FR 23607; 1 CFR Part 10).

Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington, DC 20402. The *Weekly Compilation of Presidential Documents* will be furnished by mail to domestic subscribers for \$80.00 per year (\$137.00 for mailing first class) and to foreign subscribers for \$93.75 per year, payable to the Superintendent of Documents, Government Printing Office, Washington, DC 20402. The charge for a single copy is \$3.00 (\$3.75 for foreign mailing).

There are no restrictions on the republication of material appearing in the *Weekly Compilation of Presidential Documents*.

Week Ending Friday, May 14, 1993

**Nominations for the National Council on Disability**

*May 7, 1993*

The President announced today that he intends to nominate five new members to the National Council on Disability and that he has approved the nomination for reappointment of two others.

"I am pleased to announce these additions to the National Council on Disability," said the President. "With the passage of the Americans With Disabilities Act, people with disabilities are now able to fully participate in our society. These outstanding people will ensure that all Americans are judged by their abilities, not their disabilities."

Among those the President will nominate is Marca Bristo, the president and executive director of Access Living of Metropolitan Chicago. Following her confirmation and appointment, Bristo will be designated by the President as Chair of the Commission.

The other new members the President will nominate are:

Michelle Alioto, television director, producer, writer, and host, and cofounder of the American Paralysis Association;

Bonnie O'Day, executive director, Boston Center for Independent Living;

Hughey Walker, chairman, Georgetown (SC) County Council; and

Katie Pew Wolters, executive director, Steelcase Foundation and member, Michigan Developmental Disabilities Council.

The members being nominated for reappointment are:

John Anthony Gannon, president emeritus, International Association of Fire Fighters, and founder, John A. Gannon and Associates; and

Lawrence Brown, Jr., business and community relations manager, Xerox, and former running back for the Washington Redskins.

NOTE: This item was not received in time for publication in the appropriate issue.

**The President's Radio Address**

*May 8, 1993*

Good morning. In the early days of our administration we've moved quickly to deal with the problems that concern you most. Our endeavors are ambitious and none will be accomplished easily, some will require time and repeated struggle. But all of them relate directly to improving our economy, to creating more jobs and better incomes and opportunity for hard-pressed working families.

Many of the efforts we're making are opposed by lobbyists, defenders of the status quo and special interests. We're fighting, after all, to do something that no generation of Americans has had to do before: to make dramatic reductions in the Federal deficit, even as we ask for new, very targeted investments in the education and training of our people, in incentives for our industries, in new technologies for new jobs in the 21st century.

Many special interests are trying to stop our every move. They don't believe in a program which cuts spending in areas they don't want to have spending cuts or which raises most of the tax burden from wealthy people whose incomes went up and taxes went down in the eighties, while the middle class paid more in taxes while their incomes went down. We want to reverse that, but most working people don't have lobbyists here to help them.

We're fighting hard to reform our health care system. And soon, we'll put forward a plan to provide real security and health care for every American family. And already, special interests are trying to carve the plan to bits.

We're trying to make it possible for every young person to go to college, to borrow the money that he or she needs and then to pay it back as a small portion of their incomes after they go to work. And already, banks and their allies are out in force since they make enormous profits from the current student loan system, even though it imposes great burdens on many students.

Well, this is what always happens in Washington. Narrow interests exercise powerful influence. They try to stop reform, delay change, deny progress, simply because they profit from the status quo. Because big money and the special access it buys are the problem, we have to reform the political system even as we try to improve the economy, and open opportunities to all our people.

Unless we change fundamentally the way campaigns are financed, everything else we seek to do to improve the lives of our people will be much harder to achieve. Economic reform and reform of the political system go hand-in-hand. It's time to curb the role of special interests and to empower average citizens in the way our country is governed.

Yesterday I announced a comprehensive campaign finance reform proposal, a proposal to reform the political process, restore faith in our democracy, and ensure once again that the voice of the people is heard over the voices of special interests. The plan will change the way Washington works, the way campaigns are financed, and the way the game of politics is played. Here's how it will work: First, it will impose strict spending limits on congressional campaigns. Spending has gone up too far and too fast. When spending is out of control, candidates who lack access to big money simply can't compete. In the last 2-year election cycle, spending on congressional campaigns increased by 50 percent over the previous 2 years.

Second, this plan will rein in the special interests by restricting the role of lobbyists and PAC's, political action committees. For the very first time, our plan will ban contributions from lobbyists to the lawmakers they lobby. It will bar lobbyists from raising money for the lawmakers that they lobby. If adopted, believe me, this proposal will change the culture of Washington. And it will curb the role of political action committees.

We want to cap the amount of money any candidate can receive from PAC's. And we'll limit PAC contributions to \$1,000 for Presidential candidates and \$2,500 for Senate candidates.

Third, our political reform plan will open the airwaves and level the playing field between incumbents and challengers by providing access to the broad airwaves, for candidates who agree to the spending limits.

Let me make this clear, this broadcast time will not be paid for by middle class taxpayers. It will be funded by repealing a major tax loophole that allows many businesses to deduct the cost of their lobbyists. Corporate lobbying has only been deductible since 1962. We can close that loophole and use that money to open the airwaves to all candidates.

This proposal will change the status quo. And, believe me, the special interests will mobilize against it. They don't want to see their ability to give or to raise campaign contributions curbed. They don't want to see the influence of PAC's curbed. They don't want to see limits on election spending.

But Government will work only for middle class America, if Washington works in the national interest and not just for narrow interests. And that won't happen unless we change the way we finance campaigns in this country.

This political reform bill is for real. It goes hand-in-hand with another bill we're supporting, which has already passed the United States Senate. That bill requires all lobbyists to register and now requires them to report all the money they spend on particular Members of Congress to try to influence or support their causes. And even if the special interests object to these efforts, even if they try to filibuster this campaign finance reform legislation or delay, I believe we will pass it. And I'll sign it because I think you will support it.

When all is said and done, this issue is really about our liberty. It's a matter of preserving our personal freedoms and expanding our opportunity by revitalizing the political freedoms on which they rest. To create jobs, as we must, to increase incomes, to make our health care system better, to open more educational opportunities, we need a democracy

where more, not fewer, Americans play a role and have a real say in the decisions that powerfully affect their lives.

Last November, we had a huge increase in turnout, especially among our young people. Since then, I have received more letters in the first 3½ months of my first year than my predecessor did in the entire year of 1992. The American people want to be heard in their political system. If you want to do it, we've got to pass the lobbying bill and we've got to pass this campaign finance reform bill which will pay for equal access through lobbying contributions, control the influence of lobbyists, limit PAC's, and limit campaign spending.

These are changes I'm fighting for. But they won't happen unless you'll fight for them, too. If you'll help we can win this battle and we can keep turning America around.

Thanks for listening.

NOTE: The President spoke at 10:06 a.m. from the Oval Office at the White House.

### **Remarks to the Community in Cleveland, Ohio**

*May 10, 1993*

Thank you very much. Thank you, Congressman Stokes, Senator Metzenbaum. I want to thank Lou Stokes and Howard Metzenbaum for the support that they have given to this administration to making a new beginning for America, to putting the American people back to work, and to giving Washington back to you.

I also want to say a special word of thanks to my friend Eric Fingerhut for coming here, the leader of the freshmen in Congress and a great Representative, someone who believes in the cause of reform. I want to thank your fine Mayor, Mike White, who labored mightily to try to get some more money for jobs here in Cleveland.

I wish people all over America who think that our cities aren't working would come to Cleveland and see houses being built, the stadium going up, new malls being built, and things happening. I think it is very, very impressive what is happening here under the leadership of Mike White. And I appreciate him very much.

I also want to thank Congressman Hoke for coming here. I'm glad to see a bipartisan Representative. I'm trying to govern in a bipartisan way, and some of those fellows in the Senate don't want me to. But if we get together on America's problems as America, we'd do a lot better than pointing partisan fingers.

Finally, I want to thank Attorney General Lee Fisher and your State treasurer, Mary Ellen Withrow. And I want to say a special word of thanks to Lee for his leadership in our campaign last year. I haven't been to Cleveland since the day before the election—that's right, that's what Lou said. I have been to Ohio once since I've been President. I look forward to coming back.

I want to talk to you a little today about why I came to the middle of the country in the middle of the day to reiterate what is at stake in Washington. I just walked through the Galleria here. I want to thank the people who opened it up to me and Mr. Cleary and Mr. Masters. I want to thank all the store owners who came out to see me. Some of them gave me some things and some of them sold me some things, which is, after all, the most important thing. They did a good job.

I wanted to come back here to remind you that the reason I did all that work last year and came here and asked the people of Ohio and Cleveland to vote for me was not so I could live in the White House but so I could give the Government back to you.

The struggles in which we are engaged now are very important ones. It may seem strange to you, but there are really people in Washington who believe the most important thing we can do is to avoid change at all costs. It may seem strange to you after years of living with a Government where the debt of this country went from \$1 trillion to \$4 trillion between 1980 and 1992, where unemployment went up and wages went down and we began to lose our competitive position, where we cut defense but had no plan to put our defense workers to work building the domestic economy, with all the troubles we've got, where we've got 37 million Americans with no health insurance and others in small businesses terrified they're going to

lose it and people who can't change jobs because they've had somebody in their family sick and they know they can't get health insurance in a new place, it may seem strange to you, but there really are people in the Nation's Capital who say no more change. Well, I think most of you want us to do something, and I think you want us to be bold. I think you want us to try to turn this country around, and I think you would rather see us err on the side of effort than on the side of just preserving the status quo.

You look at these children here, these schoolchildren, or those fine schoolchildren back there or these young naval cadets. This whole deal is about whether they are going to have the American dream, about whether people who work hard and play by the rules are going to wind up better off or worse off.

We've got a lot of complicated problems. I knew when I got there it wasn't going to happen overnight. I tried to make it happen overnight. I've been criticized for doing more than one thing at once. I've always felt—can you do one thing at once? Wouldn't it be nice if all you had to do was go to work and not take care of your family? Wouldn't it be nice if you could pay your bills and not earn any money to pay them? I don't understand this whole—you can't do one thing at once. But anyway, that's what they say.

We are trying to do a lot of things, but they all relate to restoring the economic vitality of this country and restoring the middle class and the values of the middle class to a central part in American life. That is what this whole economic program is about and what I came to talk to you about again today.

No one said it would be easy, but it has been immensely rewarding. In about 110 days, after two vetoes, I can look back and say we signed the Family and Medical Leave Act to guarantee you don't lose your job if you've got somebody sick in your family. We have put forward comprehensive plans to use technology to generate new jobs, comprehensive plans to help move people from defense jobs into domestic jobs and to make sure that our young people who come out of the service after serving this country are not just left out in the cold because of the cutbacks. And we got a record approval of the outline of a budget that cuts the deficit

of this country over \$500 billion in the next 5 years with over 200 specific budget cuts and, yes, with some tax increases. Seventy percent of them fall on the upper 5 percent of the American people whose taxes went down and whose incomes went up in the 1980's. I think it's a good plan, and it will restore hope for the American economy.

You know, we're trying to do something no generation of Americans has ever had to do. I came into office with a record debt. And then after the election I was told the deficit was really about \$50 billion higher in 3 of the next 4 years than we'd been told before. And yet, we looked around, and we saw we'd reduced our investment in education and training, reduced our investment in new technologies, had no plan to deal with people who lose their jobs because of defense cutbacks. And so we had to do something nobody had ever done. We had to try to find out how to bring the debt down and invest in our people, their jobs, and their future. I think we have got to do that. If we don't do both, we're going to be in big trouble.

Now look at the result. Since the election, it became absolutely clear that this administration was dead serious about bringing this deficit down. Interest rates in many areas have hit an all-time low, home mortgages are at a 20-year low. I know there are people in this audience who have refinanced a home mortgage in the last 5 months. I know there are people here who have lower credit card rates, lower business loan rates, lower other rates because of interest rates going down. That's going to put \$100 billion back into this economy to spur investment and growth and jobs and income if we bring the deficit down.

Now, we're going to go into a fight where everybody's going to say cut more spending and raise fewer taxes. And you know, what that really says is cut somebody else's spending and raise somebody else's taxes. I wish it were possible for us all to hide behind a tree and point at somebody else. But let's face it, in the last 12 years we got into this mess not overnight and we're not going to get out of it overnight. We also, whether we like it or not, got into it together. We're all in it together, and we'd better get out of it together. We're going to have to climb out

of it together, march out of it together, and walk out of it together.

But this plan is fair. This plan has a big increase in the earned income tax credit to try to relieve families with income of under \$30,000 of the burden of the energy tax I propose, which will raise money and help to clean up the environment. This plan has an increase in this earned income tax credit so much that if you work 40 hours a week and you've got a child in the home, if you will apply for the tax credit, you will be lifted out of poverty. That is an elemental principle and a fundamental departure in America. We're going to reward work and not welfare for a change. If you work and you've got kids, we're going to lift you out of poverty. This will work. It will bring the deficit down. It will be fairer to working families. It will help us to keep interest rates down. It will help us to grow the economy. And over the next 5 years, we'll have some money to invest in education and training and new technologies and jobs and trying to help all those people in those high-tech jobs that are losing them, because of defense cutbacks—they can make us strong here at home if we do it right. But we've got to do it as a package.

If everybody goes around saying what's in it for me, instead of what's in it for us, the thing will come apart. That's what paralyzes America. Every time we've got to make a tough decision, somebody says, "Let somebody else do it." There's nobody else to do it but us. We're going to have to lift our country up, and we're going to have to do it together.

One of the things that I do want to do is to repeal the tax breaks that lobbyists get. There are 80,000 lobbyists in Washington making sure that I can't take care of your interests.

One of the things that we also have to do, I think, is to reform the political system. I told you if you would elect me President, I'd do my best to reduce the influence of lobbyists and special interest groups to increase your influence, to make it possible for all of the Members of Congress, without regard to party, at least to feel freer to follow their conscience and their constituents and to listen to them with an open ear and an open heart.

Well, there are two bills moving through the Congress now that will do just that. When I took office the first thing I did was to sign an Executive order saying that people who had top jobs for me couldn't go back into lobbying for 5 years and could never lobby for a foreign government. Then a bill was introduced into the Congress that just passed the United States Senate which, for the first time, requires all the lobbyists to register and requires them to report all the gifts they give to Members of Congress over a small amount. So you'll know—[*applause*]

And at the end of last week we announced a new campaign finance reform bill, which will do this: It will reduce the influence of big money; it will reduce the influence of political action committees; it will reduce the influence of lobbyists; it will give political campaigns back to you. It does it by limiting the amount of money that Members of Congress can take from political action committees by reducing the maximum contribution in many areas. It does it by saying that lobbyists cannot give money or raise money for Members of Congress that they personally lobby. And by repealing the tax exemption that lobbyists get, we're going to take that money and give it to Members of Congress as communication vouchers so we can open the airwaves to honest debate, and nobody is denied the opportunity to be on the television or the radio just because they're not an incumbent or just because they're not wired to the lobbyists. It is a good plan. It will give the Government back to you, the middle class of this country, and we ought to pass it.

There are some other things that I think you need to know about that we're trying to do. We've introduced our plans for national service and to make college available to all Americans, and here's how it works. But I need your help to pass it, because there are interest groups that are against it. There are interest groups against everything.

This plan would say to every American family: You can borrow the money to go to college without fear of going bankrupt because you will not have to pay it back until you go to work. And when you go to work, you can pay it back as a percentage of your income. So that no matter how much you

borrow, you can't be required to pay more than a certain percentage of your income; you can't be bankrupted to secure your future.

The bill also will give tens of thousands of young Americans the opportunity to pay their college loan, or a portion of it, off through service to our country as teachers, as police officers, working with kids in trouble. They can earn it before they go to college, while they're in college, or after they get out. But I think people ought to be able to work to make Cleveland and Ohio a better place and pay their college loans off.

And believe it or not, if we just have the courage to change the way we're financing the college loan program, we can pay for most of this, particularly in the early years. Why? Because the way the college loan programs work now, we are losing billions of dollars a year in huge transaction fees to banks and in loan defaults, because the Government guarantees 90 percent of every one of these loans. So what happens? If somebody wants to default on the loan, what incentive does the bank have to go collect it? It would cost you 10 percent to pay the lawyer. So the taxpayers pay. I say let's make the loans direct. Let's cut out all the fat fees. Let's make people pay them back at tax time so they can't beat the bill, more responsibility and more opportunity for everybody.

Let me just make two other points. First of all, while I have proposed over 200 specific budget cuts to take the lead in reducing this deficit by over \$500 billion, I want you to know that nothing we can do will reduce this deficit over the long run to zero, which is what we want, until we finally face the fact that the biggest culprit in Government spending today is the exploding cost of health care. If we don't have the courage to try to provide a basic system of health coverage to all Americans, to try to give security to small businesses and working families who have health insurance but are terrified that they're going to lose it—if we don't do that, then you will never get this deficit down to zero because the cost of Government health care is going up by 12 percent a year. And 100,000 Americans a month are losing their health insurance.

Now there is no easy answer to this. If it were easy, somebody else would have done it already. It's hard. Why? Because we're spending too much money on health care, but it's in all the wrong places. And the question is: How are you going to move the money from where it shouldn't be, in administrative costs and extra procedures and duplicated technologies and a lot of other things, to where it should be, covering people who don't have health insurance without bankrupting small business, without imposing undue financial burdens, without imposing new taxes on people that are already paying too much.

Can it be done? You bet it can, but it won't be easy, and it will require people who have been making a killing out of the present system to accept some change. But I'm telling you, the worst thing we can do is to do nothing. When we come out with this plan everybody will say, well, whatever we say to provide—to get the money to people who don't have health insurance now or to provide health security to those who can't change jobs now, they'll call that a tax. But when we lower by millions and millions and millions of dollars a year the health insurance premiums of people who are paying too much or the paperwork burdens of the doctors and hospitals who are spending too much money filling out paper, they don't want to count that—the defenders of the status quo—as an offset. We are going to have to change, folks, but most of what we have to do is to move the money from where it shouldn't be to where it should. We're already spending plenty of money, but we've got to move it around. And you ought to be able to see that not only will it cost some people some more money to have health insurance, but a lot of people who are paying too much will save. And that is what we have to do. If we don't have the courage to change, we will not get the Government budget under control. But most important, working-class families in this country and small-business people will never have the health security without which it is virtually impossible to have a good life over the long run. We have got to do this. And I am determined to see that we do.



Let me just close by saying this: This is a difficult time. I told somebody the other day that I was absolutely convinced after 100 days as President that all the easy decisions had already been made by somebody else. Every day I meet with my staff and I say, send me just one easy one. Let's declare a moratorium. We won't talk about anything hard today. Send me an easy one. I'm still waiting. *[Laughter]*

But I want you to know that we can turn this country around; we can secure our future. It is in our power. We can bring the deficit down. We can increase our investment in education and jobs. We can meet the competitive challenges ahead of us. We can face the health care challenge. But we have got to have the courage to change. And we will win if we do that. I wish to goodness I could just say to every one of you, you don't have to do any of this. I'll just go to some other State and make them do it. *[Laughter]* But I can't.

Everybody will always be able to find some fault with every comprehensive proposal like this. There's no such thing as a perfect proposal. I don't like everything about everything that we have presented in the hope of passing and securing change. But the test for this generation, the test for this whole generation is whether we are going to have the courage to make these changes, to rebuild the middle class, and to lift up the economy of this country and to lift up all these children in this audience today. I believe you have that courage, and together we're going to do it.

Thank you, and God bless you all.

NOTE: The President spoke at 11:10 a.m. at the Galleria Mall. In his remarks, he referred to Martin Cleary, president of the Richard and David Jacobs Group, and Keith Masters, general manager of the Galleria and Tower Erieview. A tape was not available for verification of the content of these remarks.

### **Remarks to the Cleveland City Club** *May 10, 1993*

Thank you very much. Well, I don't know what you had for lunch, but I wish I'd had some of it. *[Laughter]* I do want to say I'm

delighted to be back in Cleveland and glad to be back at the City Club. And I hold here in my hand a membership to the City Club given to me by Senator Metzenbaum. Now, I'd rather have his vote on all the issues, but I'll take this. *[Laughter]*

Actually, I want to thank Howard Metzenbaum and Lou Stokes and Eric Fingerhut and Congressman Hoke, and all the others who are here, your Mayor, your State treasurer, your State attorney general. I'm delighted to be here with all of you. I saw in the introduction that you mentioned something I was going to say in my own remarks. I very much enjoyed being here last year and having the opportunity to talk in Cleveland about family values.

Two years ago, I came here; the Mayor hosted the Democratic Leadership Council's national convention. And I said at that time that I thought the time had come for us to move beyond the political debate in Washington between one party which seemed to have advocated the politics of abandonment and another which seemed to advocate a politics of entitlement. It seemed to me that time had come for us to face our problems squarely as a country and to try to do something about them, but not to pretend that the Government could give a solution to the American people, solutions to problems that require all of us to give something ourselves and to do more. I feel that even more strongly today.

For 110 days, I have lived and worked in Washington, DC. I think that all of us would agree that for too long our great Nation's Capital, which is filled with monuments to men and women who have done so much to bring us to this point in history, has practiced more politics than progress. I'm glad to be back here in a place like Cleveland where it's not possible to produce more politics than progress. Here you have to produce steel or automobiles or biomedical technology, real things with real value. This debate in which we are all engaged about America's future should properly take place here in the Industrial Belt and in the Grain Belt and in the Sun Belt and in the Bible Belt, all across America where people live

in a world that is determined by consequences and not by talk.

If you're a Mayor in a city like Cleveland, you either provided more houses and people moved into them, or it didn't happen. There either are more economic opportunities, or there aren't. You can measure that. In Washington, we're told that the most important thing to do is not more than one thing at a time. [*Laughter*] And some want you to do one thing at a time because it's easier to stop one thing at a time than it is a whole range of things.

But I would argue to you, my fellow Americans, that the challenges of the moment require both a focus and a discipline on the big problems of our Nation and a determination to face them in a comprehensive way. The challenge of international competition, new technologies, soaring health care costs, defense cuts without an offsetting strategy to invest in America, a global recession, a global inability of wealthy countries to create new jobs in an open and competitive environment, all these things create great new challenges for our country.

Here in the heartland, I've seen you stepping up to the challenges. When the Mayor and I rode in from the airport today, he talked to me about how people were moving from the suburbs back into the cities, how more houses were being built. I looked at some of your economic development projects. I see a partnership between the public and private sector here that does not require someone to check his political label in when you roll up your sleeves and go to work. That is the sort of thing we need to do in Washington and the kind of spirit I hope to be able to bring to our Nation's Capital.

I believe very strongly that in the last 12 years, our Nation's Government has collectively produced two immense problems. Problem number one, obviously, is the enormous explosion of the national debt and the continuing growth of the annual Federal deficit. In 1980, our debt was \$1 trillion. Today, it's \$4 trillion and rising to about two-thirds of our annual national product, a much bigger percent of our annual deficit than, for example, the debt in Japan is. Now, how did it happen? It happened partly because we

liked it when politicians told us what we wanted to hear. It happened because we had big tax cuts and big spending increases at the same time. First the spending increases were in defense. And then when defense began to be cut, they were totally offset, those cuts, by even bigger increases in health care spending through Medicare and Medicaid, the fact that one-tenth of America is now on food stamps, and by huge increases in interest payments on the national debt.

The deficit is also aggravated by the fact that we index both payments to people and income taxes. Now, it's fair to index income taxes. If you get pushed by inflation into a higher bracket, we adjust the brackets upward. For the first time, that's happened in the last few years. No one can doubt that is fair. But consider the impact on that if you offset on the one—hello, Congressman Brown, I didn't see you out there—you offset, on the one hand, your income, and at the same time you promise to pay more out. So everybody that gets a salary or a retirement check, their payments go up with inflation even as your intake comes down with inflation. So these are the two things that have created the kind of problem we have in the budget deficit.

The second thing that happened, interestingly enough, is that that portion of our Government budget which is in partnership with the private sector, making investments in our future and promoting economic growth, actually shrank as a percentage of the whole and often in absolute terms. So that at a time when we are more dependent than ever before on how skilled our work force is, the Federal commitment to education and training of the work force went down, as other nations were exploding their commitment. At a time when we were cutting high technology in the defense sector, the peace dividend was not automatically reinvested in new technologies in the commercial sector and new partnerships. Why? Because, as any Member of Congress here will tell you, the easiest place to cut spending is in that broad category known as discretionary nondefense spending. That doesn't mean anything. That's a lot of gobbledygook. But when you strip it away, a lot of it is our investment in our future. So we wind up with this unusual dif-

ficulty: a huge debt, an increasing deficit, and a diminished commitment to invest in our future.

The results have been clear: a limited ability to create new jobs, even when productivity is growing. We're allegedly in an economic recovery of some 17 months in duration, and yet the unemployment rate is higher this month than it was at the depths of the recession. We had a huge increase in productivity in the last 3 months of last year and in the first 3 months of this year, another big increase in output for a person in the manufacturing sector. But that money now is being plowed back into new technologies or kept for profit, not to increase new jobs. As any small-business person here knows, it is difficult to increase employment in a small business because of the extra added costs. By the time you pay the Social Security and the worker's comp and all the other costs, you've got more and more small businesses using overtime workers or part-time workers and fewer new jobs being created there.

So here we are. What are we to do? I have asked the United States Congress to adopt a plan that I believe over the next 5 years will do something to make real, measurable change in both those areas. It will substantially reduce the Federal deficit in the most disciplined deficit reduction plan ever presented to Congress, and it will permit some very disciplined, targeted increases in those investments which are critical to our future. We do it by a combination of things: cutting spending, raising taxes, and targeting investment.

Because this involves a whole lot of change, as you might imagine, it challenges a lot of established interests in Washington who would prefer that things go on as they are. Because while as a whole our country is disadvantaged, I would argue, by what we're doing, certain specific groups benefit from everything that is done. Now, the lobbyists are lining the corridors of Washington as never before. There are about 80,000 of them there. And unless all the American people speak out loud and clear, it's going to be hard for us to hold this program together. There are those fighting for the national interests and those who are properly there to be heard about more narrow interests. There

are those who believe we can make things better and those who believe that any change will make things worse for them. There are those who believe we can spend money more productively and less wastefully and others who believe that we ought to just keep on spending it the way we are now.

This is the oldest conflict in our history and the eternal battle of any great democracy. The impetus for inertia is always strong, and very often a country does not have the courage to change until it is almost too late. But I believe with all my heart that the voters said last November—not just those who voted for me, either—but all the voters said, we know this country has got to take a different course. We know we can't keep drifting. We know we can't wander. We have to have a plan; we have to follow it. We have to try to make some things happen that will lift this country's spirits again, lift this country's prospects again, and yes, that will insist that all of us have the discipline and will and vision to change.

Now, I think that there are a lot of, I would call them preachers of pessimism in our Nation's Capital who underestimate the capacity of the American people to know the cost of what is happening to us right now. I readily admit that none of these changes can occur unless a vast majority of us understand the cost of what is happening to us right now: the cost of maintaining this deficit at its present level; the cost of maintaining the present health care system; the cost of maintaining a system which is underinvesting in our future compared to all of our major competitors in a high-wage, high-growth economy; the cost of maintaining the credit crunch on small business; the cost of having no technology policy; the cost of having no plan to convert from a defense to a domestic economy. I would argue that those costs are very high. The cost of having no strategy to put young people to work in our cities, and instead spending money to pay for the clean-up and the consequences of drug problems, gang problems, gun problems—the costs of the status quo are very, very high, even when you don't see it directly attributed on the Government's ledger books. I believe we don't see that enough.

So I think we can do more than one thing at once. I think we can reduce the deficit and provide the opportunity for all of our young people to go to college. I think we can reduce the deficit and provide decent job training and education for our working people when the average worker will change jobs eight times in a lifetime. I believe we can reduce the deficit and put more police on our streets to protect our communities better. I believe we can reduce the deficit and offer more targeted incentives for real investment to American businesses and to their workers. I believe we can reduce the deficit and change the welfare system so that we move people from welfare to work after a certain amount of time. I believe we can do these things. I believe we're strong enough to provide for a budget that reduces the deficit and invests in the future in a prudent way. And I can't help noting that some of those who say that we can't do that are the very ones that brought the debt from \$1 trillion to \$4 trillion over the last 12 years.

Our greatest Republican President, perhaps our greatest President, Abraham Lincoln, used to tell the story about when he was practicing law in Illinois. It kind of reminds me about some of these folks today talking about the deficit in Washington. He said it reminded him of a man who killed his parents and then threw himself on the mercy of the court because he was an orphan. [Laughter] I think we've all got to understand that we didn't get where we are overnight. We have to accept where we are. I don't care about who should bear the blame, but I don't think we should have people pointing fingers who helped to create the current course of events.

We should pull together. My whole approach has been to try to say to the American people, we are all in this together. If we ask, what's in this program for me, instead of what's in it for us, we'll all find something we don't like, including me. If the issue is going to be now, what's in it for me, instead of what's in it for us, we are defeated before we begin. But the what's-in-it-for-me decade didn't work out very well for us over the long run, and I think we can do better.

Now, shortly after I took office I submitted to Congress a blueprint of a budget that

makes now over 200 specific budget cuts, reduces the deficit by over \$500 billion over 5 years, and refocuses the priorities of our Government from consumption to investment in our future. Both Houses of the Congress passed that blueprint in record time; the first time in 17 years the budget resolution had passed within the calendar required.

Our commitment to cut the deficit clearly boosted confidence on Wall Street, and it's beginning to be felt on Main Street. It is beginning to change lives for the better already. Starting after the November election, when we announced a clear determination to bring the deficit down, interest rates have been going down. The trend line is steady, with only minor interruptions whenever there's some sense that maybe we won't really reduce this deficit after all. The plan that I announced and the outline that Congress adopted clearly played a major role in bringing interest rates down to historic lows, mortgage rates to 20-year lows. There's been a huge wave of refinancing. I'll bet you anything there are lots of people in this room that since November have refinanced their home mortgages. I know that there are people in every city in America who have gotten business loans, whose consumer loans have gone down, whose costs of car financing have gone down.

It is estimated that in the aggregate, if we can keep these rates down just a few more months, this will lead to enough refinancing of debt that it will release another \$100 billion to be reinvested into this economy. That's one and two-thirds percent of our total gross domestic product in a given year. That is a huge impetus to stay on the track we're on to bring this deficit down. According to a bipartisan survey, a poll recently conducted in these conditions, 74 percent of all Americans now believe that homeownership is within reach for most young people. Do you know that it was a year ago? The reverse, 47 percent. The reason for the change is obvious: lower interest rates.

Businesses are paying less to borrow. That means new investments and new jobs. The taxpayers, by the way, are saving billions of dollars in financing the Government debt. We've already brought the deficit down this year because of those interest rates. Along

with that, we have launched a real effort to attack the credit crunch in partnership with community banks all across America, and that should mean that farmers, small-business people, and homeowners will be able to do even more in the weeks and months ahead. These are things that happen when a people take some responsibility for their financial future. Having passed the budgetary blueprint, the Congress is now about to move into the specifics in what is called the budget reconciliation process. That means they've got to take the targets that were adopted in the budget resolution and specify how we're going to meet those targets: What kind of taxes are going to be raised? What kind of spending is going to be cut? What kinds of investments are going to be made? That is the process now beginning. And that is the kind of thing that will require us all to make tough choices to make good on the results that are being achieved. I've asked Congress to join me in making real spending cuts, and that process is now unfolding.

Our budget contains, as I said, over 200 specific cuts. I thought I should start as President by setting an example. In the new fiscal year we'll be operating the White House with a staff that is 25 percent smaller than my predecessor's. I must say, I made that commitment, and we're going to do all that work. I have to say, in parenthesis, I didn't know that I'd receive more letters in the first 100 days than came into the White House in all of 1992. So if you haven't gotten your letter answered, hold on, I'm coming. *[Laughter]* We're trying to do it. We are going to reduce just in our office alone \$10 million in payroll and perks and costs of Government.

In the executive branch, I have ordered over the next 4 years a 14-percent cumulative reduction in the administrative costs of the Federal Government, 100,000 person reduction in the Federal payroll by attrition. That will save well over \$9 billion. I have asked the Federal employees to have a pay freeze in this coming year and reduced raises in all the rest of this first term. I just left the Galleria, and right across the street there's a big Federal office building, and a lot of those Federal employees said they weren't looking forward particularly to doing without a raise next year. We have put the clamps

on Federal spending, and we have asked Federal employees to make a sacrifice. I didn't see how I could ask people to raise their taxes unless the people who were getting the tax money also made a sacrifice.

I come from a rural State where the Rural Electrification Agency, the REA, has been very important to my family and our people. They have brought life and hope to millions of Americans. But now our country is about 100 percent electrified, and I have recommended that we reduce the interest subsidies to the REA, something that is tough to do for Members of Congress from rural areas and for this President who came from that place. I may get shocked instead of light when I go home. *[Laughter]*

I've asked the Congress to join me in repealing the special interest exemption for lobbying. It's only been in the Tax Code since 1962. Before that, it didn't exist. You had to pay if you wanted to go lobby. Now the taxpayers actually, at large, bear the burden of people's lobbying costs. Now, again, I'm all for people lobbying, and frankly, it's a good thing if it's in balance. But I don't see why the taxpayers should subsidize someone's costs when they go and try to influence the outcome of legislation in Washington.

I've asked to cut urban programs that don't work. While I plead guilty to trying to get more community block grant funds for Mayor White so he could build more houses in Cleveland, I also called for the abolition of a designated project program at the Housing and Urban Development Department because it had no real accountability to the taxpayers and cost over \$100 million a year.

I also believe that after all these cuts are in place, if you really expect this deficit to be brought down, we have got to raise some more tax money. And I believe that we ought to do it in a progressive way. I can tell you this just to start out, I have proposed more budget cuts and more taxes than I thought I would when I was running, and the reason is simple: After the election the Government said the deficit was going to be \$50 billion a year bigger in 3 of the next 4 years than we thought, and \$15 billion in the 4th year. The deficit was announced after the election in each year to be much, much bigger than had previously been forecast.

So we asked for about 73 percent of the money to be paid for by people with incomes above \$100,000; the rest to be paid for, 27 percent, by the 93 percent or so of us that are under \$100,000. And then there is an exemption in effect for the energy tax burden for lower middle income working people and middle income working people with children up to the levels of about \$29,000 by the increase in the earned income tax credit, which will offset the impact of the energy tax. I think it is a very fair program, and I hope it will be adopted.

We take on the entitlements in this plan. People say, why don't you take on the entitlements? I'll tell you why, because people get mad at you when you do that. We asked Social Security recipients who are in the top 20 percent of income to pay taxes on more of their income than they do today, coming from Social Security. We have done our best to restrain the exploding costs of Medicare. We have taken on these tough issues to cut spending and to raise some money. But I would also argue to you that we must have some disciplined increases in investment. And I'll tell you where my recommendations are.

I recommend, first of all, that we focus on rewarding work, strengthening families, and creating more jobs, especially for the middle class. These ideas include the following—this is where we spend money: First of all, in tax cuts to encourage investments for new jobs. Private enterprise is, after all, the engine of this economy, not the Government, and we need to get it running as close as we can to full throttle. So there are substantial new incentives in this program for both large business and small business to lower their taxes through direct investments. Investments mean lower taxes and more jobs and, therefore, more revenue to the Government by putting people to work if you target it to investment. I think it's very important.

Secondly, we focus especially on the depressed areas of the country, both rural and urban, with establishing a new network of community development banks to make loans to people who want to go into business in these areas with special incentives to get others to do the same thing. With special kinds of enterprise zones, especially in the

urban and rural areas which are particularly depressed, that will at least give us a chance to see if free enterprise alone can revive these areas if the Government gives them enough incentives. These are things I believe that will make the private sector work for all Americans.

The plan also strengthens our schools by providing access to Head Start to all children who need it, by setting higher standards throughout the country and enshrining in the law the national education goals and the standards that they will produce. The plan encourages experimentation with things like public school choice and charter schools in public school. It contains a bold national apprenticeship program where the Federal Government is a partner with the private sector and State and local government in helping to retrain the work force for a lifetime. We are the only advanced country, the only one, that doesn't worry about having a systematic way of training high school graduates who don't go on to college. And yet we now have clear evidence, in the 1990 census, that anybody who graduates from high school but gets no further training or who drops out of high school who goes into the work force is likely to have declining earnings. This is good money, and it will be really shaped by private sector people and public trainers at the local grassroots level, not a national program but a national partnership. And it will really, really increase the productivity of the American work force.

This plan also will open the doors of college education to all Americans by changing the nature of the student loan program. And I want to explain this. Today, the way the student loan program works, you can go down to your bank, you borrow the money, you pay it back based on how much you borrow. If you don't pay it back, the Government gives the bank 90 percent of the loan. That's the way it works. The college dropout rate is more than twice the high school dropout rate, in part because of the cost of a college education. The student loan program is very profitable for many banks and for the national mortgage organization that's behind it. They have made a killing out of it. It's terrible for the taxpayers. Why? Because if somebody defaults on the loan, there's no incentive to

go get it because there's a 90 percent Government guarantee. And no offense to all of us lawyers in the crowd, but it's going to cost you more than 10 percent of the loan to pay a lawyer to go get it. Not only that, the repayment terms are often too burdensome.

Here's what we want to do: Set up a system to make the loans directly. Let people pay back the loans only when they go to work, and then as a percentage of their income. So no one will ever not be able to repay, and no one will be discouraged from taking a lower paying but perhaps more rewarding job as a teacher or a police officer or whatever, but collect the money at tax time so you cannot beat the bill. Don't let people welch on their student loan anymore. And we estimate this system can save you \$4.3 billion in the next 5 years. That's a lot of money. Let me tell you what we'd like to do with that money, or some of it, anyway. We'd like to give tens of thousands of our young people the opportunity to earn credit against college or pay off their college loan by doing community service before, during, or after they go to college: working with housing projects, working with environmental projects, working to help keep streets safer, working after they graduate as teachers or police officers in underserved areas. We can have a program of national service that is community based that will help us solve so many of our problems.

I got a letter from a friend of mine, with whom I was in grade school, the other day, reminiscing about all kinds of things. And she had a very wise thing in this letter. She said, "You know, somebody came up to me the other day and said, 'How are we going to save all these kids that are in trouble? How are we going to get them back?'" And she said, "Without even thinking I said, 'We're going to get them back just the way we lost them, one at a time.'" Now, you think about that. That's what this national service proposal could do. It could give all kinds of young people a chance to do something meaningful to help earn credit to go to college and to help solve the problems of Cleveland and Cincinnati and Columbus and Dayton and every other community in this country. That's the kind of thing that I think is money well spent. And we can pay for it if

we just have the discipline to make the student loan program make sense again. I think we have to do it.

Let me say, there are many other issues I could talk about, but I want to mention one other. I have spent a lot of the last 6 years working on the issue of welfare. I have probably spent more time than any elected politician talking to people who live on welfare checks. And I can tell you that nobody likes the system, least of all most people who live on it. But if you want to move people from welfare to work, you have to realize three or four basic things. First of all, you've got to make work pay; welfare can never be a better deal. Secondly, we've got to realize that it's not the welfare check that keeps people on welfare as much as it is the child care and the medical coverage for the children. Most people on welfare have kids. The third thing you've got to realize is that most people, not all but most people on welfare are woefully undereducated and can't claim a very good paycheck in the market that we're in, not all but a lot. So what is the answer? The answer is a comprehensive plan that will empower people to go to work, require them to take jobs when they can, and set a date certain beyond which no check comes without an effort being made either in a public or a private job. That's what I think should be done. We should do away with the system as we know it forever. It is a shackle on the spirit of millions of Americans, and we can change it.

Now, here's what we're going to propose. One, in this plan, increase the earned income tax credit. You can fill out a form on your taxes and get money back if you're eligible for the earned income tax credit. And let's fix it so that any American who works 40 hours a week and has a child in the house is not in poverty. That is a simple, elemental principle that will reduce the incentive of welfare. Second, strengthen the system of child support enforcement. Don't lose \$20 billion a year for people who beat their bills and won't support their kids. Let it cross the State lines. Third, provide a system of education and training so that people are empowered to do what can be done in this economy. Fourth, deal with the health care issue through the national health initiative that I'll

say more about in a minute. And then finally, set up a system, it will take us a while to do it and to work out the financing, but set up a system so that after a certain amount of time, if there is no private sector job, to keep drawing a check you must make an effort. I think that will be a very good thing. And most people on welfare, once you take care of these other issues, will applaud the American people for changing that system. Nobody likes the system we've got. We've got to have the courage to change it, and I think we will this year.

Finally, let me say a word about the last issue, which incorporates so much of the other. If you want to bring the deficit down to zero, which is what our goal ought to be, over a period of years, we must face the biggest exploder of the deficit and perhaps the biggest human dilemma America faces, and that's the health care crisis.

This year we're going to spend 15 percent of our income on health care. The next nearest country will not spend 10 percent. Now, we should be spending more than everybody else for a number of reasons: Number one, we do more on medical research than any other country. Number two, we rely more on new technologies, and we enjoy that when we need it, as opposed to somebody else needing it. Number three, we have a more diverse population with more poor people than most other advanced countries, more cases of AIDS than most other advanced countries, and we are a more violent country than any other advanced country. So we pay more money, keeping emergency rooms open on the weekend for people getting shot and cut up. *[Laughter]* You can laugh about it; these are true things. Anybody comes and paints some miracle picture on health care without telling you the truth is not credible.

We cannot get our costs down to the level of other nations unless we make changes dealing with these big structural things. We can do something about this violence if we wanted to, and I'll have more to say about that as we go through this term. I've already tried to do too much at once, according to the experts. But let me tell you, we cannot continue to have health care costs go up at the rate of inflation anymore. We cannot do that here. This deficit, no matter how much

we bring it down in the next 5 years, will start to go right up again because health care costs are going up at a projected 12 percent a year for the Government. A hundred thousand Americans a month are now losing their health insurance, coming right onto the Government rolls: people giving up jobs because they have sick children; people giving up health insurance to keep the small business from going broke; people giving up health insurance because they have to change jobs, and they have somebody in their family sick.

And there are things that can be done about this. We are spending about 15 percent of every dollar in health insurance on administrative costs and insurance profit. That is exorbitant. It's about a dime a dollar more than any other country in the world is spending. The average doctor in 1980 was taking home 75 percent of all of the money that came into the clinic that he or she brought in, 75 percent. Do you know what it is now? Fifty-two percent; lost 23 cents on the dollar. Why? Because of paperwork. The blizzard of insurance requirements, the blizzard of Government requirements, and a few other things as well. We can do something about this.

Now, the trick is going to be not to spend a lot more money but to move the money from where it shouldn't be to where it should. And some people will have to pay some more. But we are going to do the very best we can to make sure that the people who are entitled to a reduction in their insurance bills start to get it right away, and that we phase in the burdens of this so that no small business is bankrupt, so that the providers are relieved of a lot of these paperwork burdens, and so that we can actually both lower the costs to the millions and millions of Americans who are entitled to it and stabilize the rate of increase for everybody else.

Now, the nay-sayers can always call any new responsibility that anybody assumes, that they are not assuming now, a tax. Five will get you ten, they'll never want to give any credit for all the cost reductions that will go to the tens of millions of Americans who are paying too much now. We have got to do something about this. We are the only advanced country in the world that has no system for covering everybody, maintaining



health security for working families, and trying to keep costs somewhere near inflation. We can do that and preserve everything that is best about the American system, keep spending more than everybody else is, but not run this country into a ditch. And we've got to do it.

In order to do it, all of us will have to take a view about the national interests that will not enable us to say, what's in it for me? We'll have to say, what's in it for us? There are a couple of things moving through the Congress that are very hopeful in that regard. One is the Senate passed a bill this week, that I strongly support, that requires all the lobbyists in Washington to register for a change. Did you know they didn't have to register before? A whole bunch of them never even registered. And limit very strictly the gifts that any Member of Congress can receive without reporting them. They're going to have to report the money that all the lobbyists make, and the lawyers.

And now, we introduced last Friday a new campaign finance reform bill that will limit the cost of congressional campaigns, limit the influence of political action committees, and open the airwaves to challengers and incumbents alike so that the people get a real race every time, and pays for it by repealing the deduction for lobbyist expenses. I hope that those two things can pass. To get economic reform, you're going to have to have political reform. I'm sure of that.

Bring down the deficit; do it with spending cuts and tax increases. No tax increases without the spending cuts. Invest in education and training, new technologies, incentives to business, changing the welfare system. And have political reform; face health care. That is a big agenda, but that is America's agenda. If we're going to bring this country back, that is what we must do. I hope you and every American, without regard to political party, in good faith, will ask the United States Congress to engage these issues this year so that we can move this country in the future.

Thank you very much, and God bless you.

NOTE: The President spoke at 12:45 p.m. at the Statler Tower Building. In his remarks, he referred to Representatives Lou Stokes and Eric Fingerhut.

## Question-and-Answer Session With the Cleveland City Club

May 10, 1993

### Gays in the Military

**Q.** Mr. President, based on the congressional hearings so far, how do you expect to resolve the issue of gays in the military this July?

**The President.** I can only tell you what I think should be done and what my guess is will be done. And I'm glad you asked this question.

Let me say one thing by way of background. The difference between my position and that of many people in the military, including most folks in the military, is over a very narrow category of people, actually. That is, in the last few months, the armed services have, on their own initiative after meeting with me, stopped asking people when they join up whether they are homosexual or not. That is not being asked anymore. For many years that question was not asked. It only started being asked in the relatively recent past. That will solve most of the problems.

I do not propose any changes in the code of military conduct. None. Zero. I do not believe that anything should be done in terms of behavior that would undermine unit cohesion or morale. Nothing.

Here is what this whole debate is about. It is about whether someone should be able to acknowledge, if asked or otherwise, homosexuality and do nothing else, do nothing to violate the code of military conduct and not be kicked out of the service. And my position is yes. Others say no. Others say if you let someone acknowledge it, it amounts to legitimizing a lifestyle or putting it on a par with—I don't see it as that. I just believe that there ought to be a presumption that people ought to be able to serve their country unless they do something wrong. But you need to know, that is it is not such a big difference. That is what we're arguing about. We're arguing not about any kind of conduct but about whether people can acknowledge that. Like that young man who was the 6th Army soldier of the year and who's now about to be

mustered out because he acknowledged being homosexual.

It is not about asking the American people to approve a lifestyle, to embrace it, to elevate it, anything else. The question is if you accept as a fact, as we now know and as the Pentagon has said, there have been many, many thousands of homosexuals serve our country and serve it well with distinction, should we stop asking? They say yes, and I say yes. So we solved most of the issues. They say yes, and I say yes.

Should we change the code of conduct? They say no, and I say no, not at all, not on the base, not any way, no changes in the code of conduct. So the issue is over this: What will happen in this narrow category of cases? And that is what is still to be resolved. I hope my position will prevail. Frankly, I think most people believe as a practical matter, most people who have studied it, that the position I have taken can be worked out and is fairest to the good men and women who serve in the service who have done well. I think they're frankly worried about having that position look like they are embracing a lifestyle or legitimizing a lifestyle they don't agree with. And I keep saying, "That's not what I think we're about." What I think we're about is acknowledging people's right to do right and to be judged by what they do. And that's sort of my position.

### ***The Economic Plan***

**Q.** Mr. President, as a resident of Ohio, what action can I take, what can I do to express my outrage at Senator Dole and his cohorts who block a legitimate vote like the stimulus package?

**The President.** Let me make a constructive suggestion. I appreciate your sentiments, obviously, but let me make a constructive suggestion. What I think we need to do is to go on now and pass this budget and then just see where we are.

Let me back up and say what I think happened in that deal. I believe that I won the debate with the American people that we needed more investments to create some jobs now, because this economy is not producing a lot of jobs. On the other hand, the Republicans said, "Well, that's fine, but we ought to pay for it."

Well, I had announced this stimulus program as a part of this 5-year deficit-reduction program. So it had already been incorporated by the financial markets and everybody else who evaluated this. It was paid for in the sense that it was part of the program. But to pass it in time to get the summer jobs and some other things out, we had to, in effect, take it out of sequence, if you see what I mean, to put it up now so we can get the money out to create the jobs in 1993 before Congress could have actually acted on the budget of which it was but a small part.

So what I think, to be constructive, what I think you should do is to do whatever you can to encourage the big budget to pass, long-term deficit reduction, and investment increases. Then let's watch this unemployment rate. And once we have proved that we have the discipline in Washington to cut spending and reduce the deficit, if we don't generate new jobs, if the economy doesn't pick up in terms of employment, then I think we can come back and look at that.

Now, that doesn't solve a couple of the severe problems, like the summer jobs. We're still trying to assess where we are on that. But the larger question of creating jobs is something that I think that we need to recognize is primarily going to be dealt with by the big budget, the big issue. But if we need to come back, then I'll need you and all your folks, because we need to get ahead of the curve on this one. Because we were not trying to increase the deficit, this was part of a big, 5-year plan where we had to take it out of sequence because of the summer jobs issue and because we wanted a lot of these jobs created in 1993.

Thank you for asking.

### ***National Service Program***

**Q.** What is your prognosis for the success of your proposed aid for college students who do public service?

**The President.** Oh, I think it's got very great prospects of success. We've had wonderful bipartisan support; for several Republican Congressmen in the House of Representatives already asked to be cosponsors. We have at least two supporters, Republican supporters, in the Senate. And as far as I know, virtually every Democrat is for it.

We've worked very hard to try to work out all of the objections, and I think it will be very helpful. We're going to move as quickly as possible. The national service part I think will fly through. The question of cutting down on the cost of the loan program will be more difficult, because many of the bankers and others who like the system as it is will oppose it. But it's unconscionable for us to lose \$3 billion a year on loan defaults and \$1 billion on transaction fees which could be put into direct loans which could then be collected. So there will be a lot of dispute about the loan issue. But I think the national service part of it will go through. It wouldn't hurt for you to express your support, though, to your Member of Congress.

Thank you.

#### **Environmental Initiatives**

**Q.** Mr. President, what legislations do you hope to pass in order to help protect the environment while cutting the national deficit?

**The President.** There are several things that we want to do. As you know, the Vice President and I have both worked very hard on this issue since we took office. I want to sign the biodiversity treaty, and I expect to do it, committing the United States to help preserve wildlife species. We want to be part of an international effort to preserve wildlife and plant life in the United States and in the rainforest, especially, around the world. We want to reduce the emissions of greenhouse gases in this country to 1990 levels over this coming decade, which I think we can do.

And we want to invest some of the money that is coming from defense cutbacks into environmental technologies and environmental cleanup here at home, so that those technologies can produce American jobs, many of which can also lead in exporting. The biggest new commercial market in the world in the next 10 years will be the market for various environmental technologies and services. It is a huge gold mine out there waiting to be tapped. When the countries met in Rio last year, regrettably the Germans and the Japanese were much ahead of the United States in total in environmental technology companies and services. But we have a lot of very successful ones here in the United States, and I hope we can galvanize

more of them. If we do this right, cleaning up the environment won't cost us jobs, it'll save us jobs. It'll have a big positive impact.

He asked a good question. Give him a hand. Isn't he good. [Applause] Thank you.

#### **Health Care**

**Q.** Mr. President, perhaps this is a bit premature. But does your health care program incorporate a focus on wellness as well as merely curing illnesses? And what I mean by wellness is universal immunization, health examinations, and so forth. Or, perhaps Mrs. Clinton might answer that a little bit better. [Laughter]

**The President.** Well, let me say that it will, and that if it were just up to the two of us, it would focus on wellness much more. You may know that, for example, there are a lot of countries, in France for example, where even working-class families get a family allowance when a woman is pregnant. You can only draw the family allowance if the mother can prove that she has followed a certain regime of maternal health designed to produce a healthy baby.

I saw the other day in the paper that some Republican Congressman had suggested that we ought to do the same thing with immunizations, for people on public assistance having to immunize their kids. I thought that was a good idea. I think that we should have a big wellness prevention component of this. That's another point I wish I had made in my remarks. But we are exploring what our options are there.

There will be every effort made to have a strong education and prevention and wellness component of this health care effort. And I might add that if we can have more clinics in chronically underserved areas and more health educators there, I think we can do that. That's one way you can save a ton of money in the system, and I think you must know that or you would not have asked the question.

Thank you.

#### **Taxes**

**Q.** Mr. President, your administration has proposed two new taxes: first, a value-added tax in which goods would be taxed at each stage of production; secondly, an energy

BTU tax in which coal, gas, oil, and other forms of energy would be taxed at each stage of use. Are not these taxes inflationary in that they compound at each stage? And secondly, they push up the consumer price index to which wages, prices, and Social Security and other entitlements are indexed to the consumer price index.

**The President.** Well, first, let me say I have proposed a BTU tax, and I'd like to come back to that. I have not proposed a VAT tax. I have not. There have been a lot of rumors about it.

It's interesting that you should know with whom a VAT tax is popular. Hillary's health care group, the First Lady's health care group, was asked to consider a VAT tax by an unusual coalition of big business and labor interests. Why? Because other countries have a VAT tax. Most other countries have a VAT tax of some kind, and we don't. And a value-added tax is one of the few ways that you can—somebody who advocated it now wants to get off of it. [Laughter] Anyway, a value-added tax is one of the few ways that you can avoid taxing your own exports and tax someone else's imports. That is, it is placed on things sold in your country. So when our competitors in Europe, for example, have a value-added tax, when they produce things for sale in the United States, it's not subject to the tax. When we sell our stuff over there, it's already carried the full burden of our taxes, and it gets hit with the VAT.

So there are a lot of business and labor interests who believe that, conceptually, even if we lower some other tax, we should embrace the VAT tax because it helps us in international trade. I had never thought of it as an answer to the health care problem, because I thought it would aggravate the maldistribution of paying for the problem. It would allocate the burden of paying for the problem in ways that I didn't think were particularly fair. But that's what it is.

Now, on the BTU tax, let me say that America taxes energy less than any other country. There were a lot of suggestions for how we might raise funds to reduce the deficit. The energy tax clearly is the thing which, for all kinds of reasons, had the biggest impact on the financial markets.

I was reluctant—there were people who said, "Well, you ought to have a carbon tax. That's the most polluting." I thought that was unfair to the coal-producing States. Then there were people who said, "Well, we have real low gas taxes." We do, but States also set gas taxes. "We have real low gas taxes. You ought to have a gas tax." I thought that was unfair to the rural areas, particularly west of the Mississippi where they have much higher per-vehicle usage.

The reason we decided to go with the BTU tax is that you can put it uniformly on all sources of energy so that it doesn't fall with incredible disproportion on any given sector. Now, the problem is that for the sectors that are especially energy-intensive, it hurts them more than a gas tax. And it hurts people who don't pay anything for their energy now. So farmers, for example, that had a fuel tax exemption are dealing with this burden. And you know, we've tried to come to grips with that. I don't think there is a perfect solution. But I like the BTU tax, because it promotes energy conservation, it's good for the environment, and it's fairer, I think, to every region than any other energy alternative that we could devise.

Let me follow up on that. We tried to increase the earned-income tax credit—that is, the proposal—so that for people with earnings of \$29,000 a year or less, \$30,000 a year or less with families, the impact of the BTU tax would be offset by the increase they'd get in the tax cut under the earned-income tax credit.

### **Economic Plan**

**Q.** Good afternoon, Mr. President.

**The President.** Good afternoon.

**Q.** What I'd like to know is, first of all, your economic plan is twofold. It is to cut spending and, secondly, to encourage more Government spending in the private sector. Well, obviously there's a lot of support for the first part, cutting spending. What I'd like to know is, there seems to be a lack of enthusiasm for the second part. One is: How do you plan to get that through? Basically, how do you plan to garner more support for it? And, once you get your economic package through, how much input are just ordinary

people going to have to this? And when will we feel it at our level?

**The President.** Well, depending on whether you borrowed any money since November, you've already felt it. From the minute Secretary-designate of the Treasury said after the election, Lloyd Bentsen said we were going to attack the deficit and how we were going to do it and what was going to be in it, we began to have pretty steep drops in interest rates. So if you're paying any kind of interest payments, you've already felt it.

The reason I was for the job stimulus program—to go back to the jobs program that the gentleman asked me in the back—is that I wanted to be able to lower the unemployment rate by another half a percentage point this year through an investment program, because all over the world, I will say again, all over the world—Europe's got a higher unemployment rate than we do. Japan has a much lower unemployment rate than we do because it's got a more closed economy, but they also are not creating jobs, and many of their firms are laying off for the first time in modern history. So I wanted to do that.

So you will—let me just tick them off—you should be able—if we pass the budget, I think we will secure a healthier financial environment for the next year, and I think that will help everyone. If we can pass health care, I think, by next year people will begin to feel the impact of greater health security. If we can pass it—it's a big job and it's going to take a lot of work.

The student loan program, if it passes, it will affect people immediately. People will be eligible who are now in college for it, as well as those who would wish to go, the same thing with the apprenticeship program. The welfare reform program should begin to have effect next year. Those are just some of the things that I think will actually touch people's lives and make a big difference.

I think the trick on—to go back to the question the other gentleman asked—to getting people to support the targeted spending for education, training, and technology is to make sure that you lock the spending cuts in first before you do the taxes, and that overall, that the spending increases are small compared to the spending cuts, which they

are, in our plan. So I think to me, that's the trick, and that's what I'm trying to achieve, and I hope you'll be with me when we do it.

Thank you.

NOTE: The question-and-answer session began at 1:50 p.m. in the Statler Tower Building.

### **Nomination for Posts at the Department of Energy**

*May 10, 1993*

The President announced today that he intends to nominate Victor R. Reis to be Assistant Secretary of Energy for Defense Programs and that he has approved the appointment of Michael Gauldin to be Director of the DOE's Office of Public Affairs.

"I am very pleased to be adding these two people to the leadership of the Department of Energy," said the President. "Victor Reis is one of our country's leading defense researchers, and Mike Gauldin has been a valuable aide to me for years. They will each play a key role in helping Secretary O'Leary to meet her goals for the Department of Energy."

NOTE: Biographies of the nominees were made available by the Office of the Press Secretary.

### **Remarks to High School Students and a Question-and-Answer Session in Bensonville, Illinois**

*May 11, 1993*

**The President.** Thank you very much, Brian. Thank you, Dr. Meredith. And thank you, ladies and gentlemen. I'm glad to be here at this fine high school. I should also note before I begin that one of many reasons that I decided to come here is that this high school is the alma mater of an important member of my White House staff, Kevin O'Keefe, who graduated from Fenton High School. Where are you? Where's Kevin? Stand up. He didn't have that gray hair when he was here. I met, in addition to your prin-

cipal and your superintendent, I met Charlotte Sonnenfeld on the way in here, who said she was a teacher of Kevin O'Keefe but was not responsible for him in any way. [Laughter]

I also want to thank a number of other people who are here, including several Members of Congress over here to my left, Bobby Rush, Luis Gutierrez, Cardiss Collins, and George Sangmeister. I think they're all here. And I want to thank Richard Dent of the Chicago Bears for coming. Stand up, Richard.

I also want to—is Michael Cruz over there? Is he here? No? Where is he? Here he is. Come here. This young man was on the President's town hall meeting with students. Did any of you see it? Did you see that? And he became a television star because he is a good student. He goes to school in Chicago, and he said he was worried about the safety of the schools and the streets. And he asked the President to try to make all the schools safe for students in every part of America, no matter how tough the neighborhoods were. And I was really proud of him, so I invited him to come here today. I think you ought to give him a hand. [Applause]

I know we've got students from other schools here. Where are you, all the students from the other schools that are here?

**Audience members.** Boo-o-o!

**The President.** Hey, hey. [Laughter] No, no, today's the day when you're supposed to welcome them here.

I want to say how very glad I am to be back in Illinois where I met so many people who shaped the thoughts and the feelings that I carried into the Presidential campaign last year. People who asked me to fight for their families and the future of their children, to help to fix our economy, to create more jobs, to bring the terrible budget deficit down, to deal with the health care and education challenges facing America. A lot of what I learned in that campaign last year I learned from talking to people on the streets in the cities and towns of Illinois, and I'm glad to be back.

This week, some of the Members of Congress whom I hoped would be here are in Washington working on things of importance to you. Your two United States Senators, Paul

Simon and Carol Moseley-Braun, are in the Senate today because they're going to vote on the motor voter bill, which will make it easier for young people to register and vote, an issue that's been a big issue for MTV and all the MTV watchers in the country who want to make young people a bigger part of the political process. And Congressman Rostenkowski and the other members of his committee are back in Washington, working on a plan that will help to bring the budget deficit down by over \$500 billion over the next 5 years, so that you can grow up in an America that is not paralyzed by a crushing debt, as we have seen in the last 12 years.

But I don't want to talk just about tomorrow, about your tomorrows and about what it will take for you to make the most of the future all of us who have already been in your place and school are trying to make.

I've spent a lot of my time in Washington, in fact, most of my time, working on the economy and the health care crisis today, because I know that unless we can bring the deficit down and invest in jobs and technology and building a strong economy, America can't be what it ought to be. And I believe that unless we attack the problems of health care security and coverage and the enormous contribution that health care costs are making to the financial problems of this country, we can never restore real security to the American family or strength to the American economy or reduce the terrible deficit of this Government so that we can bring our budget into balance. So that's what I spend my time doing.

But I also know that no matter what we do on these issues, unless each and every one of you is a productive, well-educated, well-trained citizen able to take advantage of the opportunities of the world you will live in but also able to meet the highly competitive challenges of people from all over the world who will be struggling for many of the same opportunities that you want, that nothing I can do will change your individual lives. You have to do that. And that's why the provision of excellence in education and real educational opportunities are so important.

Those of you who have been able to go to this school or the other schools here rep-

resented can leave your high school with the confidence that you've had the opportunity to get a good education. But you should know that in the world you're living in, the average young American moving into the work force will change work seven or eight times in a lifetime. And more than ever before in the history of the country, what you are able to do in your work life, what you are able to earn, will be directly related not just to what you know today but what you can learn tomorrow. In the last—yeah, you can clap for that. That's a pretty good idea. Thanks. [Applause]

Now, in the last 12 years, there has been a dramatic difference, a widening growing-out between the earnings of young people who have at least 2 years of good education after high school in a community college, a good training program, or a 4-year college degree, and young people who drop out of high school or only finished high school. The clear evidence is that in the world in which you will live, you will need not only to make a personal commitment to learning and re-learning throughout your lifetime but to getting at least—at least—2 years of education beyond high school and hopefully more.

Now, more and more people have got this figured out. College enrollments have grown up; explosive enrollment increases at 2-year community colleges and technical schools have been seen. Young people have figured that out. But there are still some problems with it, one of which is purely financial. The college dropout rate is more than twice the high school dropout rate, and one big reason is, a lot of people cannot afford to go or, having gone, cannot afford to stay.

How many of you want to go on to some form of further education when you get out of high school? Raise your hand. How many of you think you're going to need to borrow some money or get a scholarship or have some financial help to do it? Raise your hand. [Applause] I think it's nice that you can be enthusiastic about that.

You know, last year in Illinois alone, almost 180,000 educational loans were made. Five million educational loans were made in America last year. Higher education is really important. It's important to you economically. It's important for reasons far more im-

portant than that, even. It promotes personal growth and gets you in contact with things that have happened in the past and ties you into this great civilization of ours. But it's all academic, to use an appropriate word, if you can't afford to go and stay.

Interestingly enough, the cost of a college education is perhaps the only essential in a family's spending patterns that has gone up more rapidly than health care in the last 10 years. And that's one big reason that the college dropout rate has increased. More and more young people have to deal with this.

On the average, in the country as a whole, tuition fees and room and board cost \$5,240 a year at public institutions of higher education and \$13,237 at private schools. The cost of these educations has gone up 126 percent in the last 10 years. That means that a lot of people who try to borrow money drop out and then can't repay the debt; others borrow the money and leave college with massive debts and don't know how to repay them. Still others might prefer when they graduate to be a teacher, for example, but they're afraid they can't meet their loan repayment schedule. They might wish to be a law enforcement officer or a police officer; they're afraid they can't meet their loan repayment schedule. That's a bad case of the tail wagging the dog. People actually deciding what to do with their lives based on the crushing burden of debt they have to get an education, the purpose of which was to be free to choose to do whatever you want to do with your life. We can do better than that.

One of the reasons that I ran for President is that I wanted to change that, because I know no economic policy, no health care policy, no reduction in the deficit can change what is in your mind and whether you are able to do well in the world that you will live in. You have to do that. But my generation owes it to you to give you the chance to be able to afford to get a good college education, to go and to stay.

A couple of weeks ago I unveiled a plan to do that based on four simple principles: First, we ought to lower the interest rates on the college loans that you borrow from—that you make. I don't know how many seniors here have already looked into college loans, but if you want a college loan that's

guaranteed by the Federal Government, there's a lot of paperwork involved and a lot of hassle. That's because there are a lot of extra costs in there, from middle men, from banks, and from corporations, who profit from the current loan program.

Your Senator, Paul Simon, was the first person who ever came to see me well over a year ago to say that we ought to make loans directly to students from the United States Government in a financially secure way so that we could cut out paperwork, cut out all the time it takes to apply for them, and eliminate excess profits from middle men. Every student borrower can enjoy a lower rate if we do this. And if we adopt the plan that I have basically developed in cooperation with Senator Simon and others, we can save the American taxpayers \$4 billion over the next 5 years and make loans available to you at cheaper rates. I'd say that's a pretty good idea.

The second thing we have to do is make it easier for students to pay the loan back. Today, the loan repayment obligation is directly related to how much you borrow, whether you have a job or whatever your job pays. What I want to do is to give every American young person who borrows money to get a 2-year or a 4-year education after high school the option of paying the money back based on how much you make, so that you can never be saddled with a debt burden greater than a certain percentage of your income. That way, there will never be an incentive not to be a teacher, not to be a police officer, not to work with kids in trouble, not to do whatever you want to do. You will be able to pay your loan back because it will be a percentage of your income. Regardless of how much you borrowed, we'll work it out so that the monthly payment is never too burdensome. That means nobody will be able to say they can't afford a college loan.

The third thing we want to do is to give tens of thousands of you the chance to earn credit against these loans before you go to college or while you're in college or to work them off after you get out of college, not by paying them off but by serving your country in a community service program, working with the elderly, working with other kids, working with housing programs, working

with things that need to be done in the neighborhood or in nearby neighborhoods, or if you do it after you get out of college, working as teachers or police officers or in other needed areas in underserved communities in America. Just think of it. We could have tens of thousands of people who could pay off their loans entirely by giving a year or two of their lives to make their countries and their communities better.

Finally—this is the one kicker—I hope you will clap for this, too, because it's important. *[Applause]* Wait until you hear it. *[Laughter]* A lot of people don't pay off their college loans at all. There is an unbelievable default rate. We lose about \$3 billion a year from people who don't pay their loans back. Now, there's a reason for that, and I'll explain it more later. But one of the things we do, if we're going to loan you the money directly, we're going to collect the money directly, too, involving the tax records at tax time so you can't beat the bill. People who borrow money, once you make it possible for them to repay it, should not be able to welsh on the loans. That undermines the ability of children coming along behind you to borrow the money. People ought to have to pay the loans back if we make it possible for them to do it. Everybody ought to have to do that.

Now, this will make it possible for millions of young people to borrow money to go to college. I don't propose to weaken the Pell grant programs and the other scholarship programs; we want to keep strengthening them. But this will make it possible for millions of people to borrow money, never have to worry about whether they'll be able to pay it back. You won't have to pay it back until you go to work. When you do go to work, you can pay it back as a small percentage of your income. You will have to pay it back and will do it all at lower cost. This will open the doors of college education to millions of Americans.

Now, you might ask yourself, "Well, if it's that simple, why is this man here talking to me about it? Why don't you just go do it?" Here's why. A lot of people are doing well with the present system. They're making a lot of money out of the present system. There are 7,800 lenders today, people making the student loans. There are 46 different Agen-



cies that guarantee these loans against failure. Then, there are all these people who service the loans and who buy the loans in big packages in ways that you couldn't even begin to understand, probably, but they're all making good money out of the present system. It's confusing and it's costly, and the more money that goes to other things, the less money that's available to provide low-cost loans to the students of America.

Typically, the student takes out a loan from a bank, and then the bank takes the note that you sign when you get the loan and sells it to a corporation. The corporation then makes a profit by packaging the loan to someone else. And the loan is ultimately guaranteed by whom? All of us, the American taxpayers. So nobody can lose any money on it. Now, the biggest middle man in the whole thing is called Sallie Mae, the Student Loan Marketing Association. Last year, lenders made a total profit of \$1 billion on student loans. Sallie Mae made \$394 million. And between 1986 and 1991—listen to this; this is a group that helps us get student loans, right, which should not be a big profitmaking operation—the costs of this corporation went down by 21 percent and its profits went up by 172 percent. But you didn't get the benefits of it; someone else did.

Interestingly enough, banks make more profits and more guaranteed profits on student loans than on car loans or mortgages, but there's no risk. They don't have to worry if the student doesn't pay back the loan. Why? Because the Government will send them 90 cents on the dollar. And as all of you know if you follow this at all, there's not much incentive for a bank to come recover the loan because it costs more than 10 percent of the loan to hire a lawyer and go through a lawsuit and file all the papers and do all that. So every year, the Government just writes a lot of checks to people for the loans that students don't repay. The taxpayers foot the bill, and that's all money that we can't spend loaning money to you and people like you to go to college.

The system is not very good. The lenders do well, but the people who need to borrow the money for a college education are hurt as a result. And the taxpayers get hit coming and going: not enough money made available

for student loans, too much money going out to increase the deficit by paying off loans that never get repaid.

So, you might say, "Why don't we change this?" Because in the system we have, the people that are making plenty of money out of the present system will fight it. And they will hire lobbyists who make their money by trying to influence the Congress. No sooner had I even mentioned changing this system than Congress was deluged with lobbyists. The biggest organization, Sallie Mae alone, supposed to be in the business of helping you get money to go to college, has already hired seven of the most powerful lobbyists in Washington to try to stop this process from changing.

Now, there are a lot of people in Washington who want to keep the status quo. A lot of people don't want to lower the deficit, either. How did we get such a big national debt? How did the debt go from \$1 trillion in 1980 to \$4 trillion in 1992? Because we cut—

**Audience member.** Republicans.

**The President.** No, because we did what was popular. It wasn't just the Republicans; they had the White House, but let's be fair. Because how do you run up a big deficit? How do you run up a big deficit? The President proposes, and the Congress disposes, and it was—it's popular in the short run to cut taxes and increase spending, right? I mean, that's popular. It's easy. I'll cut your taxes and send you a check. That's good, right? The problem is, is that at some point you run up debt after debt after debt after debt.

So what am I trying to do? What's not popular? I'm trying to cut spending and increase taxes, mostly on very wealthy Americans but not entirely, because we all have to try to recover our financial future. And I'm trying to do it in a way that preserves some money to invest in your education and new technologies for your jobs. But there are a lot of people who are making money out of a system that cuts taxes and increases spending, and it's not very popular to raise the money and cut the spending. That's the way it is here. There are a lot of people who are doing very well out of this system.

Now, why am I telling you this? Because it is your future on the line, and if you would like to have a system in which it is easier to borrow money to go to college, 2 or 4 years, and which it will be easier to pay it back and in which more of your tax money will be spent to benefit you and your education and your future, then you need to tell your Members of Congress, without regard to their political party, that you would like to have a better future, and this is a change that you want made.

This country is a very great country. It has been around for more than 200 years because every time we had to make real changes, we did it. Now the challenges we face are very much within our borders. It really bothers me that there are so many kids every year who are lost to the future as well as to themselves because of crime and drugs. It really bothers me that so many people drop out of college and don't get the future that they ought to have just because of the money involved. It bothers me that we spend so much more than any other country in the world on health care, but we don't provide health coverage to all our people, and all the other advanced countries do. And it bothers me that we're not creating jobs for you, but we're piling up debt for your future.

I believe we can do better. But we can only do it if we'll tell each other the truth, keep our eyes wide open, and if you will say, hey, it is my future. Look, I've lived most of my life. Unless I beat the odds and live to be 94, I've lived more than half my life—or 92. I can't even add anymore. I've lived more than half my life unless I live to be 92 years old. It is your life that's on the line. It is your future that's on the line. And our job now is to open it up for you and to face the problems of this time so that you have the same chance to live the American dream that your forebears did. That is our job, and you can help us do it.

Again, let me say, I thank you for letting me come here. I look forward to answering your questions. But when I'm gone, if you don't remember anything else I said, just remember this: There's a plan in Washington to provide more student loans at a more affordable rate so that more people can go to

college and stay, but we have to have the courage to change to adopt it.

Thank you very much.

**Moderator.** Thank you, President Clinton. We understand that you have some time where you could answer some questions from our students. So if you'd have a seat, ladies and gentlemen, and raise your hand, we'll begin by asking you some questions.

Yes?

### **Student Loans**

**Q.** My name is John Snodgrass. I'm a junior from Fenton High School, and I am wondering what the Government is doing about the families that are defaulting on the student loans?

**The President.** Well, we try to collect it. But the problem now is that very often the people who don't pay are unemployed, or very often the people who don't pay—there's another problem with this, by the way—are people who got educations from trade schools that couldn't deliver what they promised. That is, they said, "We'll train you, and you'll be able to get a good job, and you'll be able to get a high salary." And a lot of these schools have been able to rip off this system for years because they could charm—they would get all their kids into these programs through student loans, and then they didn't have to worry about whether they finished the program or got jobs, because they already had the student loan money.

So what we're trying to do is, number one, be tougher with the schools. If they're not good schools and they're not really educating the students so the students can repay the loans, we're trying to stop those schools from being eligible for it. Number two, we're looking at ways to toughen up the enforcement.

Here's the way I want to change it so we can collect from almost everybody. If I said to you, look, I'll give you a loan and you don't have to repay it until you actually get a job so you're earning the money. And then you may borrow—let's say you borrow \$5,000 and she borrows \$10,000 and she borrows \$20,000, and you all take jobs earning \$30,000 a year, right? The people who borrowed more money would be given the option of paying that loan back as a limited percentage of their income, even though it

would take them longer to pay it back. At least they would be able to make the payments, and they wouldn't be defaulting. And then if they didn't pay it back, we would know that they didn't because the Government would have the records, and we would enforce it just like we enforce taxes. In other words, you couldn't beat the bill. If you had a job and you had an income, you would have to pay it back.

But right now, we get the worst of all worlds. We let somebody else make the loan, and we tell them if it's not paid back, we'll pay 90 percent of the loan, and then after all the time goes by, we've got to figure out how to collect it. So we're doing better, but we can do much, much better if we clean out a lot of the system that's there and go at it directly.

Who had a microphone? Anybody? Yes, in the back.

### **Drug Policy**

**Q.** Going back to that point you made before about drugs, I was wondering which direction the national drug policy is going, whether you want to support more law enforcement in getting drugs off the streets or if you're going to move more towards rehabilitation and education?

**The President.** Well, I don't think you can do one without the other. But let me say, I believe we need to increase the emphasis on education, prevention, and rehabilitation because we know that's what works. That is, for several years in the 1980's, drug use went down among most groups of young people, largely because they figured out it would kill them. In other words, people decided to change their behavior from the inside out.

Now, that does not—you can't sacrifice law enforcement to that. I think we should do two other things. Let me just run it out real quickly. The second thing we should do is to adopt law enforcement strategies that will reinforce people taking responsibility for themselves and increase the likelihood that they will move off drugs or out of the drug culture. I'll just give you two examples.

One is community policing. Thirty-five years ago there were three policemen on the street in America for every crime committed. Today, there are three crimes for every po-

liceman. It's very hard, therefore, to have enough police to walk the streets, to know the neighbors, to know the kids, and to be a force for preventing crime. Where that has happened, it has worked.

The man I named to be the drug czar in our administration, Lee Brown, was the police chief in Atlanta, Houston, and New York City. And when he left New York, in the areas where they had put in community policing, the crime rate was going down. In some of those neighborhoods, for the first time in 30 years, there had been a reversal in the crime rate. So I think you have to do that.

And the final thing I want to say is we still have a big stake in working with our friends and allies in other countries to try to stop drugs from coming into this country. And we are in the process now of reexamining whether there's anything else we can do to reduce the flow of drugs into the country. But I'll tell you one thing, if we all decided we'd stop taking them, the flow would dry up because there wouldn't be any demand. So we can't just worry about blaming people from outside.

Go ahead. Where's the microphone? Yes?

### **Defense Spending**

**Q.** A big issue that has been in the newspaper and on the news is military cutbacks. What I'm curious about is, what is being cut back in bases, arms, manpower. My curiosity is because I've enlisted in the U.S. Army. And is it going to effect my future if I decide to use it as a career and go my 20 years or anything like that. Will it affect me?

**The President.** Can you all hear his question? I'll repeat the question. He said he was concerned about military cutbacks. He wants to know what the nature of the cutbacks are, how far they will go. He's enlisted in the Army. Will that undermine his ability to make the Army a career because of the cutbacks.

Let me say, first of all, you know why the cutbacks are occurring. The cutbacks are occurring because an enormous percentage of our military force was directed against the Soviet Union, and it no longer exists. A lot of our nuclear arsenal was because they had a big nuclear arsenal, and we were positioned

against them, and we had planes and ships supporting that, as well as people on the ground with land-based missiles. A lot of our military forces were positioned against all the troops they used to have in Eastern Europe, which have been withdrawn, and the military positioning they had around the world. So we have been able to—in fact, we've been obligated to reduce defense spending, starting in about '86 or '87 because of the receding nature of the threat. And that's good on the whole.

Now, the world is still a pretty dangerous place, and the United States is still the only comprehensive military power. And we have to be careful how we reduce that defense spending and how much we do it.

Right now, we're doing it across the board in three areas: We're reducing military personnel with the view toward going down to a base force of about 1.4 million over the next 5 years, down from over 2.5 million just a few years ago. So that's a lot of people that have been mustered out, including all volunteers, people who wanted to serve their country, many of whom would like to have stayed longer. So the answer to your question is, if we have a smaller base force, it will be more competitive to get into and to stay in the Armed Forces. The recruitment has already been scaled back. So if you've been recruited and if you're going in under the new, smaller recruitment quotas, you'll probably have a reasonable chance to stay in a good, long while if you choose to do it. But not so many good young people will. In that way, it's kind of sad, because the military has done a magnificent job of training and educating people, of inculcating them with good values and good work habits as well as good education. So that's one of the—kind of the down sides. The second thing we're doing is closing bases, and that's very unpopular. But you can't just cut the forces and not close the bases. And the third thing we've had to do is to cut back on a number of weapons procurements, which cost jobs in the defense industry.

So, on balance, this has been a good thing, but I want you to understand there are some bad consequences to it. And one of the struggles that I expect to have constantly for the next 4 years is to try to convince people in

the Congress that as we cut defense we need to be reinvesting that money in education and technology in America to create jobs to replace those lost in defense.

And thank you for being willing to serve your country.

### **Government Gridlock**

**Q.** Mr. President, I think the American people have become increasingly disenchanting with the lack of progress in our Government. How are you going to convince the American people and all the Members of Congress that your programs are good ones, and how are you going to break the filibusters that have been—

**The President.** Well, we've only had one. We broke them all but one. Keep in mind that I've just been there 100 days, and I had 12 years of a different direction before I took office. It's hard to turn it around in 100 days. I'm actually quite optimistic.

The Congress passed the outline of the budget I presented which, as I explained earlier, is a very tough thing, you know, to bring the deficit down in a record time, the first time in 17 years under Democrats and Republican Presidents the Congress had ever passed the budget resolution within the time limit. So I think we're moving fairly rapidly.

Just shortly after I took office, Congress passed the Family and Medical Leave Act, guaranteeing people the right to take a little time off from work when they have a sick child or a sick parent or a baby is born, without losing their jobs. That had gone through 8 years of fights and two vetoes. The Congress is trying to pass today this motor voter bill, which would really open up the political process to millions of Americans. So I think we are making progress.

Now, let me also tell you that some of this stuff is really hard. I mean the reason that these things have not been done before is that we've done easy things for 12 years. What I'm asking the Congress to do are things that are really hard, and it may take a while to do it. But I'm not prepared to say, at the moment anyway, that we've lost the battle to gridlock. I don't agree with the minority of Senators who filibustered the jobs bill. But that was not just a political battle; that was an idea battle. A lot of them

thought that we shouldn't spend any money on anything until we pass the overall budget which reduces the deficit, even though I knew we were going to.

My view was: We're going to pass this budget, we're going to reduce the deficit, and we've got to get some jobs in this economy. So that was an issue I didn't win on. I'm not going to win every issue I'm fighting. But I believe that we have a real chance to make this Government work, and I'm basically quite optimistic about it.

The one thing I would urge you not to do, any of you, is to put too much faith in just the day-to-day development of the news. You have to take a long-term view of this. And we've had this health care problem for a long time. We've had this economic problem for a long time. And in just a very short time we've been able to put these issues back on the national agenda and move them forward. So I think what you need to do is to remind everybody you can remind—if you want to know what you can do and what the American people can do, it's to try to make everybody think in a less partisan way, not worry about the fights between Republicans and Democrats, and think more every day about what are the problems of this country. And if you don't like what President Clinton says, what's your alternative?

In other words, let's just keep moving the ball forward. What I try to do is to put these problems high on the national agenda and try to ask people to lay down their partisan armor and look at these problems in a new and different way and keep pushing the ball forward. So if you don't like what I want to do about it, then if you're not going to support that, then come up with some alternative so we can do something. The worst thing we can do is stay in paralysis. Let's do something. That, I think, ought to be the message.

### **Financial Aid**

**Q.** In the past, the financial aid has been based upon a quota system for racial and ethnic minorities. I'm wondering if you're planning to continue this quota system or will it be based on talent and merit and needs straight across the board?

**The President.** There may be certain minority scholarship programs in certain universities. But the program that I would speak of, both national service and the student loan program, would be available across-the-board. I mean—and I believe—and the student loan program should be available across-the-board virtually without regard to income once you can guarantee that the repayment is going to be there so you don't have to worry about loaning too much money. That's what I think. I favor broad-based and inclusive programs and national service will also be broad-based and inclusive.

I think you have to make efforts to include people from all races and income groups, and I would want to see that done because we have a big stake in making sure that we close the disparity in income and race of people getting an education, because if you come out the other end of the educational system, then the income differences tend to vanish. But I don't think anyone should be excluded, and I don't want to ration this program. I want to open this program to all Americans.

### **Space Program**

**Q.** Mr. Clinton, I'd like to know what your views are on the space program, if you are in favor of cutting anything or improving anything?

**The President.** In general, I support strongly the space program and the NASA budget. I have some problems with the space station itself for a couple of reasons. One, it's a hugely expensive program, and there's a lot of debate within NASA itself about whether the old designs should be continued, whether we need that space station design. Secondly, it's had staggering cost overruns. Every time we turn around they're coming back for hundreds of millions of more dollars. And with the deficit the way it is and all these other problems, we can't afford it. So what NASA is doing now is trying to redesign the space station and come up with a multi-year space program that I hope we can get strong bipartisan support for.

I think it would be a big mistake for America to drastically cut back its role in space. Now I've been criticized for cutting back on the space station, but I haven't cut back the

NASA budget. We have cut back the rate of increase that they want to cover all the cost overruns for anything that happens. I just don't think we can do that with the old space station design.

So we're now looking at three alternatives for the space station to take a new and modified course. But I think it would be a great mistake for America to withdraw from space exploration and from work in space. For one thing, it's one of the ways that we may find answers to a lot of our environmental problems as well as to continue to build our scientific and technological base after we cut defense. So I hope we can continue to support it.

**Q.** Mr. President—

**The President.** Go ahead. We'll take one more and then I'll take this young man's. Go ahead.

### **Bosnia**

**Q.** Mr. President, I was wondering with all the news about Bosnia, do you see any differences in sending troops to Bosnia where you were strongly opposed to civil war in Vietnam in the late sixties?

**The President.** Well, first of all, I do. That's a good question. But I have never advocated the United States unilaterally sending troops to Bosnia to fight on one side or the other of the civil war.

Let me just say what's complicated about it. There plainly is a civil war in Bosnia that is, among other things, a fight primarily between the Serbs and the Muslims but also involving the Croats. It is complicated by the fact that Serbia, a separate country, has intervened in it, and complicated by the fact that the United Nations before Bosnia, the nation of Bosnia was even recognized, imposed an arms embargo in the area. But the practical impact of the arms embargo that the United Nations imposed was to give the entire weaponry of the Yugoslav Army to the Serbian Bosnians and deprive any kind of equal weaponry to the people fighting against them. So the global community had, not on purpose, but inadvertently, has had a huge impact on the outcome of that war in ways that have been very bad.

My position has been pretty simple and straightforward from the beginning. I think

that without the United States unilaterally getting in, or without even—I don't think the United Nations should enter the war on one side or the other. But I think there is much more that we can do to induce the parties to stop the fighting, to do what we can to stop this idea of ethnic cleansing: murdering people, raping children, and doing terrible acts of violence solely because of people's religion. Biologically, there is not much difference between the Muslims, the Croats, and the Serbs there. The ethnic differences are rooted in religious and historical factors.

Thirdly, we want to try to confine that conflict so it doesn't spread into other places and involve other countries, like Albania and Greece and Turkey, which could have the impact of undermining the peace in Europe and the growth and stability of democracies there.

So I think the United Nations, the world community can do more in that regard. That's quite a different thing than what happened in Vietnam where the United States essentially got involved in what was a civil war on one side or the other. There are some remarkable similarities to it which should give us caution about doing that. There are similarities to that. There are similarities to Lebanon. But that does not mean, just because—I wouldn't propose doing exactly what the United States did in Vietnam. That does not mean that the United States should not consider doing something more, especially if we can get the Europeans who are after all closer to it, who have a more immediate stake in it, to try to help us to stop the ethnic cleansing, the continued fighting, and minimize dramatically the risk of the war spreading.

So that's what we're struggling for an answer to. It's a very, very difficult problem.

### **Students and the Educational System**

**Q.** Mr. President, what do you feel we as students can do to better the U.S. educational system?

**The President.** Read more. Read more. I think you can read more. I think you can establish tutoring groups in schools where the students that are doing well help those which aren't. There's a lot of evidence that

by the time somebody reaches your age that you all have more influence on one another than I would on any of you. And there's a lot of evidence in schools that are succeeding that when students work with each other either in the same classroom or across grade lines, that the overall performance of the school goes up.

Interestingly enough, there are a lot of studies even showing at elementary schools that this is true and certainly true in high schools. So I think one of the things that I have seen work repeatedly over the last dozen years that I've spent countless hours in schools with students and teachers is that kind of working together.

The third thing that I think you can do is to speak out in a way for a culture of learning and for good values in the schools. I think that's important. I think if the students want a school to be a place where learning is valued and where everybody counts and where violence or drugs or other bad behavior are not tolerated, the students can have more to do with getting rid of it than anything else if it is a bad thing, if everybody looks down on it. And I think that can make a huge difference.

It's so limited what the rest of us can do to help the schools unless there is a right sort of feeling in the hearts of the young people involved. And I think anything we can do to convince all students that they count, that they matter, that we need them all, that they shouldn't drop out, that they can learn, anything we can do in that regard school by school, class by class, year by year, is going to make education in this country a lot better.

The last thing I think you can do is to decide what you think is wrong with education and how we can make it better and tell people like me about it. In other words, tell us from your perspective how we can make your schools a lot better, what you need, how we can give you a better future, what we're not doing that we could be doing. Those are the things you can do.

**Moderator.** President Clinton, I understand we have time for one more question.

### **Women's Role in the Armed Forces**

**Q.** Yes. I have a question about women in the military. I heard that they're going to

be able to go in combat now. Is it going to become a law that they're going to be drafted also?

**The President.** I'm sorry I didn't hear you. Go ahead.

**Q.** I've heard rumors that women are going to be able to be in combat now in the military. So I'm wondering, are they going to be able to be drafted like men?

**The President.** First of all, men are not drafted. We have an all volunteer service. There are no draftees. Anyone who goes into the service is like this young man. The men or women choose to go. And we have a lot of people who want to go now because of the justifiably high esteem in which our military is held. I can tell you that you can talk to any career service officer, and he or she will tell you that we have the best educated, best trained, best equipped, highest morale military service we have ever had. And it also, by the way, is the most diverse one we've ever had, opening up more opportunities to women and to all members of all races that we've ever had. And yet it's the best educated, best trained, best equipped, best able military service we have ever had although it's under a lot of stress now because of all the downsizing.

The Service Chiefs in the Joint Chiefs of Staff have decided that they ought to open up some more combat roles to women, principally on combat ships. The Navy, for example—I bet a lot of you don't know this—the Navy now has three noncombat ships under the command of women, the United States Navy does.

But Admiral Kelso, the Chief of Naval Operations, had decided that some more combat ship roles should be open to women. And then there was also a decision made that women ought to be eligible to fly combat missions in the face of clear evidence that the airplanes they fly today require not strength so much as response, the capacity for quick and agile response. And there's a lot of evidence that women are at least as good in some of those functions as men, so the Joint Chiefs made that decision. That was a military decision in which I did not intervene at all. I think if the evidence supports it, it's a very good decision. But I want you to know it was made based on the evidence

in the case and made by the military, and they deserve the credit.

Well, I could do this all day long. You have been terrific and I'm very proud of you, and you've asked wonderful questions, all of them were very good. I wish you well. Have a good day. And don't stop thinking about these educational issues. Thank you very much.

NOTE: The President spoke at 9:55 a.m. in the gymnasium at Fenton High School. In his remarks, he referred to Brian Shamie, student council president; John G. Meredith, superintendent of schools; and Kevin O'Keefe, Special Assistant to the President. A portion of the question-and-answer session could not be verified because the tape was incomplete.

### **Remarks to the Leadership Conference on Civil Rights**

*May 11, 1993*

Thank you very much, Mr. Vice President, for that wonderful introduction and for being such a great partner in the campaign of 1992 and in this administration. I think it is fair to say that Vice President Gore has already exercised a larger role in this administration than perhaps any Vice President in the history of this country. And I hope he will continue to do so.

I'm honored to be here with Ralph Neas and with my longtime friend Benjamin Hooks. Don't you just love to hear Ben talk? I mean, really, I could hear him intone those poems from now until tomorrow morning, reminding me of the rhythms of my childhood and the faith of our parents.

I'm proud to be here with all of you tonight not only because of what you have done for the last four decades and more but because of what together we must do now. I'm proud of your commitment to civil rights. I'm proud to be here with our Attorney General, Janet Reno, who is the embodiment of that.

I thank you for the vote of the national board of the leadership conference today to support the nomination of Lani Guinier to be Assistant Attorney General for Civil Rights. I want to say a special word of support for Lani Guinier. I went to law school with her, and I announced at the Justice Department the other day when we announced

all of our Assistant Attorneys General that she had actually sued me once. *[Laughter]* Not only that, she didn't lose. And I nominated her anyway. So the Senate ought to be able to put up with a little controversy in the cause of civil rights and go on and confirm her so we can get about the business of America.

I want to say, too, how honored I am to be here with your honorees. My friend Dorothy Height: From the freedom schools in Mississippi to the Black Family Reunion, what a guiding spirit she has been to all of us.

I want to take my hat off to Raul Yzaguirre for his leading voice. Over 20 years ago, I first came in contact with La Raza as a movement and a commitment. And I have watched them over these years help people all across the country with the practical problems of life which give real meaning to the idea of civil rights, when you can actually live in a decent house and have a decent job and know your kids are going to get a decent education and know that you're going to be treated fairly no matter what your race is.

I want to say, too, how very much I admire Justin Dart for all the work that he's done as Chair of the President's Commission on Employment of People with Disabilities and leader in making the Americans with Disabilities Act come to life. You know, Justin, every time we went anywhere in the campaign and had a rally, we always had a section for people with disabilities. Today I went to a suburb north of Chicago, in a heavily Republican community, as it turned out, to meet with a bunch of students from the high school that I was visiting and other high schools and people in the community. And we had a big section there for the students with disabilities. And I was thinking as I was coming over here tonight, a lot of those kids are where they are today because of what you did—and you ought to be proud of that—sitting in the front of the row so they can ask the President their questions and shake hands with the President; instead of being overlooked, being up-lifted.

I say that to you to make one introductory point. I've been here for 100 days and a sum, fighting to break the gridlock in Washington.



And sometimes I think the biggest gridlock of all is the gridlock in our minds, the hold that foolish notions have on our imaginations. I have been roundly attacked by people on the extreme right trying to make me look like some radical leftwinger because I had this crazy notion that I ought to have an administration that would have some diversity and give women as well as men and people of color as well as people who look like me the chance to serve if they could meet high standards of excellence. And there are people who say, well—and I see these relentless articles in the paper—oh, that's why no appointments are being made. Well, so in 100 days I show up at the Justice Department, and I ask for the totals: Pass me the envelope, please. *[Laughter]* And it turns out that in spite of my commitment to diversity and excellence, after 100 days my predecessor had made 99 appointments, his predecessor, President Reagan, had made 152 appointments, and I'd made 173. Where are they? And I expected to see the shameless right in sackcloth and ashes, saying that we had falsely accused this poor President in promoting gridlock. But they have no shame. *[Laughter]*

Let me tell you something: Today when I was in Illinois, a young, handsome, fine-looking Hispanic man stood up and said, "I have joined the United States Army. And I'm proud that I'm going to serve my country. And I know we've got to cut the military budget, but I want to know if you're going to cut it so much that I can't give my whole career to my country if I want to." And I thought to myself, why doesn't somebody point out to all these people who have attacked us for trying to open the doors of opportunities that the number one, most successful institution in the United States of America for giving opportunities to women and people of color are the United States military branches. They have done it with a commitment to excellence and opportunity. And what we've got to do is to prove that the rest of us can do so as well. And we ought not to make this a partisan issue, and the guardians of gridlock should stop trying to use it to move arguments around that indicate that there's somehow something wrong with the President who believes that every-

body who can serve ought to have the chance to do so.

This administration is committed to the enforcement of the civil rights laws. This administration is also committed to programs like national service that give everybody the possibility of being part of a new era of civic responsibility. This administration is committed to guaranteeing that every American is entitled to a fair chance at the brass ring but even more important, to empowering people to seize those opportunities, to moving beyond the incredible gridlock in the mind of this town that you either have to give somebody something for nothing or take it all off the table.

Why don't we behave in Washington the way people behave in their normal lives? We need opportunity and responsibility. Why don't we stop making these nutty arguments that imply that everything in life is an either-or proposition: We're either going to write somebody a check and bust the Government budget, or we're just going to stick it to them and walk away. That's not the way life works.

You know, civil rights should embody a country that works. We don't want to guarantee everybody equal employment opportunities when there are no jobs. Does that mean that we have to sacrifice one and not the other? No, it means you should have a President who will pursue both, walking and chewing gum at the same time. That's what this is about. Is that right?

We want to guarantee everybody an equal opportunity to get an education, but wouldn't it be nice if the education you're getting is also better? It's not either-or. We want to guarantee everybody the right to health care and family security through health care, but wouldn't it be nice if you live in a rural area or in the heart of a big city if there happens to be a clinic to visit?

I just am amazed after 100 days to find that a lot of the gridlock that has gripped this city for so long is in the imposition of what one writer had called false choices on all of us who are supposed to make policy. It never occurred to me that I should appoint somebody who wasn't qualified to a job. You know, I don't wake up in the morning thinking, you know, I need to find some female Latino who is totally unqualified to put in

a job. [Laughter] Or neither did it ever occur to me that every white man I appoint is going to hit a home run every day. But that is the kind of rhetoric you see running beneath so much of the characterization when we try to change 12 years of attitudes.

The same people that were criticizing the previous administrations for being insensitive to civil rights immediately turned around and say, "Oh, there's too much, too much attention being given to ethnicity and gender, and that's why no appointments are being made." So the record comes in, and I'm still waiting for the acknowledgement.

I tell you, folks, I refuse to believe that we cannot go forward together, that we cannot set an example, that we cannot make progress. I refuse to believe that you can't be committed to civil rights and to civic responsibility. I refuse to believe that we can't create economic opportunity by empowering people to seize control of their destiny and changing the Government's policies.

I think that if this leadership council should have any mission today, it should be to break through those barriers that push us all into one extreme camp or the other and make us mute in the face of reality and common sense. Surely we can bring the experience of our own lives and the lives of our fellow Americans beyond the borders of this city to the policymaking process that will dominate Washington for the next year. That is what we ought to do if we want civil rights to come alive in this country.

You know, when I ran for this job I spent a lot of time in African American churches because I always had, and because I felt at home. When I got this job and I sought to protect the religious and civil liberties of every American, it was because I wanted mine protected and because I have a sharp memory of what it was like to live in a society where half the people I knew, because of their color, were treated as second-class citizens.

I also have a sharp memory of those who had the courage to try to change that position. And now that I am President, I want you to know that I'll make my mistakes from time to time, but I'm going to keep trying to move the ball forward. I believe we can make advances. I don't believe that our fights

are over. I know that there are still civil rights battles to be fought, but I know that they need to be fought today in the context of making a real difference in real people's lives. And we should not be intimidated, those of us who believe in the cause of civil rights for all Americans, into thinking that somehow that can be separated from the fight for economic justice and economic progress and making our free enterprise system work better.

We should not let people who basically don't care whether we make progress in civil rights think that you can separate civil rights from the fight for substantive improvements in education and for meaningful advances in health care or any other area of our national life. Let us resolve tonight that we're going to spend the next 4 years breaking down the gridlock by tearing down the artificial barriers in people's minds to bringing us together, saying we don't have a person to waste and lifting up everybody's God-given potential and doing what we can to see that they achieve it.

Thank you very much, and God bless you.

NOTE: The President spoke at 8 p.m. at the Hyatt Regency Hotel. In his remarks, he referred to Ralph Neas, executive director, Leadership Conference on Civil Rights; Benjamin L. Hooks, former executive director, National Association for the Advancement of Colored People; Dorothy I. Height, president and CEO, National Council of Negro Women; and Raul Yzaguirre, president and CEO, National Council of La Raza.

## Appointments to the Commission on Presidential Scholars

May 11, 1993

The President today appointed 32 members of the White House Commission on Presidential Scholars. Among them is New Jersey Governor Jim Florio, who will serve as Chair of the Commission.

The Commission on Presidential Scholars is responsible for selecting 141 graduating high school seniors from around the country to become Presidential Scholars, the Nation's highest honor for high school students. The scholars are chosen on the basis of their ac-

complishments in many areas, such as academic and artistic success, leadership, and involvement in their schools and communities.

"The Presidential Scholars Program is an important vehicle for recognizing the efforts and accomplishments of our country's young people," said the President. "I am glad that Governor Florio and the rest of this distinguished group of Americans have agreed to serve on this Commission, and I look forward to welcoming the students they choose to the White House."

In addition to Governor Florio, the members of the Commission are:

Margaret R. Blackshere, Illinois, assistant to the president of the Illinois Federation of Teachers; former elementary school teacher; holds a master's in urban education from Southern Illinois University.

Francis J. Bonner, Jr., Pennsylvania, chair of the department of physical medicine and rehabilitation at Mt. Sinai and Graduate Hospitals, Philadelphia, and Sacred Heart Hospital, Norristown.

Thomas E. Britton, New Hampshire, chair of the Monadnock Region District School Board and marketing representative for the Millipore Corp. and North American Pharmaceutical Field Marketing.

Rev. S.C. Cureton, South Carolina, pastor of the Reedy River Baptist Church; member of the president's executive board of the National Baptist Convention, U.S.A.

John Davidson, New Mexico, member of the New Mexico Commission on Higher Education; shareholder and director in the law firm of Erwin and Davidson.

Joseph D. DiVincenzo, New York, commissioner of the Niagara Frontier Transportation Authority; president of DiVincenzo & Associates Insurance Agency; and adjunct professor at the Rochester Institute of Technology.

Jim R. Fotter, Wyoming, president of the Wyoming Education Association; member of the Education Commission of the States; and delegate at the 1992 Democratic National Convention.

Susan F. Friebert, Wisconsin, former teacher and currently a high school team leader for guidance counselors and community volunteers to develop and implement programs to direct student academic planning and achievement.

Susan E. Gaertner, Minnesota, director of the human services division of the Ramsey County, MN, attorney's office, where she directs legal services for child support enforcement, paternity actions, and civil commitments for the second largest jurisdiction in the State.

Felicia Gervais, Florida, president of Leonard L. Farber, Inc., a shopping center development firm. She also serves on numerous non-profit boards, including Outreach Broward (a program for troubled adolescents) and Center One (the Nation's first AIDS center).

Freman Hendrix, Michigan, assistant Wayne County executive for legislative affairs; member of many civic groups, including the Northwest Detroit Community Leaders Council.

Patricia Jean Henry, Oklahoma, president of the National PTA; member of the boards of the Oklahoma State Chamber of Commerce and the Academy for State Goals; co-founder of Pathway House, a rehabilitation program for drug-addicted children.

Barbara Holt, Maine, director of Franklin Pierce College in Portsmouth, NH; served as the chair and director of Victory '92 in Maine.

Gloria Jackson, Florida, retired public school administrator in Ft. Lauderdale; alternate delegate to the Democratic National Convention.

Nathaniel Hawthorne LaCour, Louisiana, president of the United Teachers of New Orleans; vice president of the American Federation of Teachers; national board member of the A. Philip Randolph Institute; and member of the National Board for Professional Teaching Standards.

Dhyan Lal, California, principal of Carson High School in Los Angeles; focus of a PBS documentary exploring how a principal communicates with a culturally diverse student population to create a

positive learning environment in post-riot Los Angeles.

Ronnie Fern Liebowitz, New Jersey, partner in the Newark law firm of Hellring, Lindman, Goldstein & Siegal; former general counsel to Rutgers University.

Bill Marshall, Ohio, law professor; served as the State director of Maine for the Clinton campaign.

Penny Miller, Kentucky, assistant professor of political science at the University of Kentucky; chair of the Kentucky Commission on Women.

Sandy Miller, Nevada, First Lady of the State of Nevada; former teacher and advocate for children with learning disabilities.

Marilyn Monahan, New Hampshire, secretary-treasurer of the National Education Association.

Dan Morales, Texas, attorney general of Texas; first Hispanic elected to a statewide constitutional office in the State of Texas.

Daniel Morris, Colorado, former teacher and president of the Colorado Education Association; former Peace Corps volunteer.

Carla Nuxoll, Washington, President of the Washington Education Association; chair of the board of PULSE.

James Shimoura, Michigan, former special assistant attorney general for the State of Michigan; shareholder in the law firm of Kemp, Klein, Umphrey, and Edelman.

Eddie L. Smith, Jr., Mississippi, former high school teacher; Mayor of Holly Springs, MS.

Dawn Steel, California, president of Columbia Pictures from 1987 to 1990, the first woman to head a major motion picture studio.

Niara Sudarkasa, Pennsylvania, president of Lincoln University in Chester County, PA; previously the associate vice president for academic affairs at the University of Michigan, where she was the first African American woman to receive tenure.

Nancy Verderber, Missouri, administrative liaison for disability-related issues for the St. Louis County School Districts

and a member of the Coalition of Citizens with Disabilities in Greater St. Louis.

Margaret M. Whillock, Arkansas, executive vice president of the Baptist Medical Systems Foundation in Little Rock; director of development at the University of Arkansas.

Tracey Bailey, Florida, National Teacher of the Year.

### **Nomination for Assistant Secretaries at the Departments of Transportation and the Interior**

*May 11, 1993*

The President named a total of four officials at the Departments of Transportation and the Interior today. He expressed his intention to nominate Frank Kruesi to be Assistant Secretary of Transportation for Transportation Policy and Ada Deer to be Assistant Secretary of the Interior for Indian Affairs. The President also approved the appointment of Richard Mintz to be the Director of Transportation's Office of Public Affairs, and Patricia Beneke to be Associate Solicitor for Energy and Resources at Interior.

"I am gratified that these individuals will be joining me in Washington," said the President. "Frank Kruesi has been an innovative and successful policy adviser to Mayor Daley. Ada Deer has been a powerful and eloquent voice for changing national Indian policy. Both will be valuable parts of this administration, as will Richard Mintz and Patricia Beneke."

NOTE: Biographies of the nominees were made available by the Office of the Press Secretary.

### **Interview With Don Imus of WFAN Radio in New York City**

*May 12, 1993*

**Mr. Imus.** Good morning, Mr. President.

**The President.** Good morning. How are you?

**Mr. Imus.** I'm fine. How are you?

**The President.** I'm all right.

### **The First 100 Days**

**Mr. Imus.** Let me ask you something. What the hell is going on down there in that White House? What do you mean, you've lost your focus? [Laughter]

**The President.** I haven't lost my focus. You've just been seeing me through the foggy lens of television instead of the direct—of radio. [Laughter] There's a big headline in the Washington Post today, "Clinton Wins Third Major Victory In Congress." I think we're doing fine. You know, we lost one bill, and a lot of people think it's like the last days of Pompeii. I mean, if you're going to fight for change, you've got to be prepared to lose a few as well as win some. But I think we're well on track.

Let me just point out that when the Congress adopted my budget outline, it was the first time in 17 years that they adopted it within the legal time limit, faster than they've moved in 17 years. Everybody complained about the appointments process. When 100 days went by, it turned out I'd made more appointments during the period than my two predecessors did. We just passed the motor voter bill yesterday, a big issue for younger voters making it easier for them to register to vote. We've got the economic program on track. I feel good about the way things are. But, you know, change is not easy and people—if you want to keep score after 100 days, when the—where we had 4,500 days of trickle-down economics—you know, I haven't done everything I meant to do in 100 days, but I never promised to do it in 100 days. I think we're doing fine.

### **Voter Registration Bill**

**Mr. Imus.** I think that looked good last night, breaking that Republican filibuster, because it looks like Bob Dole—it's like the "Friday the 13th" movies, you know, where you think you've finished him off and then next thing you know that hand comes popping up out of the lake there and, of course, in this case there was a pin in it. [Laughter] But this is an indication that it doesn't look like the Republicans are going to be able to waylay everything you're trying to do, does it?

**The President.** Well, I don't think so. You know, the filibuster on the jobs bill was an unusual thing, I think—not that they tried to do it, but that they never let the majority vote. And I think the American people have got that figured out. And there are always going to be Republicans, or most always, that agree with some aspect of what we're doing. And when you reach out to them and you try to work out compromises, there are, almost always, there are some who want to go for the national interest over the partisanship, and that's what happened here. We worked out some problems with that motor voter bill, and it rolled right through. The same thing with family and medical leave. So I think if we just keep working at it, we'll have some success.

We've had 12 cloture votes—that's the attempt to get 60 percent of the Senate just so a majority can vote their will—12 already in the first 3½ months. So I imagine they'll make us do this a lot, but I think there are always going to be some Republicans who want to be part of a bipartisan movement for change, and I'm encouraged by it.

**Mr. Imus.** Or Republicans who want to be President.

**The President.** There are always going to be people who want to be President, and some days I like to give it to them. But if I did that, at least I'd have a telephone conversation with you before I give it up so you can call me President Bubba. See, I've been waiting for this all this time.

### **The Economy**

**Mr. Imus.** Well, Mr. President, I don't know what you've heard about what's been going on in this program, but it's always been very respectful. And anything you've heard to the contrary would just be further evidence of the collapse of the intelligence community. And I mean, these guys didn't even know that the Berlin Wall went down until they saw it on CNN. So you can't trust what you hear from them.

I was talking to my friend Jeff Greenfield over at ABC, and he had a good observation. He said, is this economic program of yours tougher to sell now, you think, because for whatever circumstances you weren't able to run on it?

**The President.** No, I don't think so. The difference in the program that we're advocating and the one I ran on over a 5-year period is not very great, but what happened was after the election—I want to emphasize this—after the election the Government came out—the previous administration—and said that the deficit was going to be \$50 billion a year bigger than they had said before in 3 of the 4 years of the term that I now occupy. So I had to do more to cut the deficit, and we had to put that up front. And it's worked pretty well so far.

You know, ever since we announced serious intentions to cut the deficit and were specific about it, interest rates began dropping very steeply, mortgage rates were at a 20 year low. You're going to have a \$100 billion—that's a lot of money—in refinancing of home mortgages and business debt and other things which I think will really help the economy.

But that meant we had to put off some of the plans or scale them back in the early going and put them back into the later years of my term to invest money in things that I think are also important. But we've got to get control of this deficit. It's been spinning out of control now, getting worse and worse for a dozen years, and we don't have the funds we need to invest in jobs to grow the economy, and I think it's very important.

**Mr. Imus.** I think William Greider pointed it out in Rolling Stone—and you either agree with it obviously or don't—that during the campaign that the focus was on and the debate was on jobs, and it seemed that because of Bush "cooking the books" and not realizing that the deficit was going to be a little bit bigger than it was that then the agenda switched to this 5-year plan to reduce the deficit. Let me ask you—

**The President.** But wait, let me make one point. I think there are two sides of the same thing. That is, if I didn't think that reducing the deficit over the long run would help us to create more jobs and if I didn't think we could also get some increased investment in new technologies and education and training and to rebuild our cities and to do these things that have to be done, I wouldn't be doing this.

I think there are two sides of the same coin; I think until we show we can get control over the Government's budget and we can make some spending cuts, as well as restore some of the tax loses that we had in the early years of the trickle-down revolution, I don't think we can get a job program going in the country. So I think this getting the deficit down is part of a long-term job growth strategy. Jobs are the issue; reducing the deficit is a means to get control of our economic future. The whole purpose of it is to put people to work.

**Mr. Imus.** To talk about just a second, this economic plan and some of these numbers that we see now suggest that the public is—about half, 50 percent of them don't think it's going to work. And let me tell you what filters down to people like me, you know, aside from the esoteric proposals and figures and stuff that many of us don't understand, but what we hear is that the numbers we hear is that, for every \$3 and so in new taxes, we're looking at about a dollar or so in spending cuts. And there are some people that think the ratio's even higher than that. Is that accurate?

**The President.** No, no. But I'll tell you, if you look at this thing over a 5-year period we have more spending cuts than we do tax increases. And that's true even though we have some targeted increases in investment, in education and training, and new technologies. Now, the people who argue this the other way, they play clever games. For example, if you're going to cut a program that's in place, you may have to phase-in the cuts over a 5-year period; if you raise a tax, you can raise a tax immediately; if—you've got to look at this whole budget.

In this budget we have more spending cuts than tax increases. We do have some spending increases, but if you don't believe that there are differences and different kinds of spending, I don't know what we can do. We have some spending increases to give a nationwide apprenticeship program to help retrain the work force. We have some spending increases to get into new technologies to make up for defense cuts because we're losing a lot of high-tech, high-wage jobs.

You know, up in Connecticut we've had a lot of employment dislocation because of

defense cutbacks, but you've got a whole high-wage work force that needs to have something else to do. And every other government in the world is investing in new technologies to try to create those jobs for their people. If we don't do it, we're going to be left behind. So we have to target some investments. But this budget has over 200 very specific budget cuts over the last budget adopted in the previous administration. And if you look—it's 5-year budget, that's what the law requires us to do, to adopt 5-year budgets—we've got more spending cuts than tax increases, and we should.

**Mr. Imus.** Is it important what the ratio is? And if it is, what should it be, do you think? I mean, because that's the—you know, that's kind of the way we relate to it.

**The President.** Well, the issue is how many cuts can you get without pulling the economy into a recession. What do you have to cut, how many cuts can you get without unfairly cutting the elderly? The same people who say we don't have enough cuts are also often saying we shouldn't cut what we're cutting. And the truth is, if you want to get to a balanced budget through spending reductions, the only way to do it now is to get control of health care costs, and that, basically, in the later part of this decade, if we can adopt a national health system and—you know, Hillary has been working on that with hundreds of others—and we can bring the Government's deficit down to zero, but you can't do that overnight. And the biggest part of our deficit growth now is in health care costs and interest on the debt.

We're not spending a bigger percentage of our income on Social Security—our national income—than we were 10 years ago. We're spending a smaller percentage of our income on Federal aid in education than we were 10 or 12 years ago. What's happened now is we started cutting defense, but health care increases overcame the defense cuts. So what I'm trying to do is to cut everything I can now, get health care costs under control and look towards, not only cutting the deficit but bringing it down to zero over a multi-year period. You just can't do this overnight.

You know, we took the national debt from \$1 trillion to \$4 trillion in 12 years with a \$300-plus billion a year deficit when I took

office. You can't just eliminate that overnight without having serious economic dislocations. You've got to do it in a disciplined way and take it down.

**Mr. Imus.** There's already been some compromise with some members of your own party in Congress. Do you anticipate any more of that, or is it——

**The President.** Well, I think there have been some changes that make it better. After all, we put this plan on the table only 30 days after I had taken office, and I invited people to comment on it but to keep its essential features intact. That is, we had to have the spending cuts before I would agree to tax increases. The tax increases had to be largely progressive; that is, they ought to be on people at higher income levels whose tax rates went down in the 1980's while their incomes went up, that we ought to have a earned income tax credit. That's taxpayer jargon for giving a tax break to working-class people with children, particularly who would be especially hard hit by the energy tax, and that affects people with incomes up to about \$29,000 a year, where they'll get an offset on their income tax to make up for the energy tax. And there ought to be some incentives for investment in the American economy, either mine or some others. And we emphasize small business, and we emphasize new plants and equipment for big business. And those things are all going to be in the ultimate tax package. So I feel good about it. I think that, you know, the changes that are being made basically, at least so far the ones that have been discussed with me, don't in any way undermine the fundamental principles of the tax program and the spending cut program I laid out.

### **Bosnia**

**Mr. Imus.** There is a dramatic picture of you and an agonizing Lyndon Johnson on the cover of the current issue of Time magazine asking the question if Bosnia is going to be your Vietnam. One, let me ask you, do you think it has that potential? And two, what is the United States policy in Bosnia?

**The President.** Well, let me answer the first question. There are similarities to Vietnam in the sense that there is a civil war and there is a national dividing line, that is

between Bosnia and Serbia, which doesn't fully coincide with the ethnic cohesion of the Serbs in Bosnia and Serbia, same thing on the other end of the country with Croatia and Bosnia-Herzegovina. It's a very complicated thing. Those folks have been fighting with each other for a long time.

There are also some differences, however. You have the continuation of a principle of ethnic cleansing that you didn't have in Vietnam, people getting killed or raped just because of their religion, just because they're Moslems and because of their historic conflict in that area. And you have a United Nations resolution which has, in effect, given a military victory to the Serbians. That is, the U.N. imposed an arms embargo which had the effect of opening up for the Serbs the entire arms cache of the Yugoslav Army and denying weapons to the Bosnian Moslems and to a lesser extent, the Croatians. So the international community has been involved. The third and a big difference from the point of view of the average American is, I've made it very clear that the United States, unlike Vietnam, is not about to act alone. It should not act alone. This is a European issue. It's an issue for the world community to address.

We have worked very carefully with our allies to make the sanctions tougher and to keep the pressure on to try to do two things: to try to contain the conflict and to try to put an end to the slaughter. And our policy is that it is in the United States national interest to keep this conflict from spilling over into a lot of other countries which could drag the United States into something with NATO that we don't want and to do everything we can with our allies to stop the slaughter and to end the fighting. And that's our policy. Our policy is not to do what we did in Vietnam, which was to get in and fight with one side in a civil war to assure a military victory. That is not what we're involved in. We are trying to promote a settlement, and we have signed on to a plan—two of the three political factions in that area have signed on to it, and we have committed ourselves to working with our allies. So the policy is very, very different than the policy the United States pursued in Vietnam.

**Mr. Imus.** Any scenario, anyplace down the road—this may be a dumb question, but

I ask—that you see ground troops somehow getting involved there? Does it ever reach that point? Say all the allies get on board and——

**The President.** We believe that there could be a United Nations force which we could take part in that could help to enforce the peace agreement or keep the peace. We've been involved in peacekeeping operations of this kind in many places. But the United States is not going to unilaterally enter the conflict on the side of one of the combatants and do what we did in Vietnam. That is not our policy, and that's not what we're going to do.

**Mr. Imus.** You know, I agreed with you when you said during the campaign that history has shown that you can't allow the mass extermination of people and just sit by and watch it happen, and that really is driving this, isn't it?

**The President.** Yes. It is a difficult issue. Let me say that when we have people here who've been involved in many previous administrations that are involved in national security including, obviously, a lot of people who were involved in the two previous ones, I mean, and everybody I talk to believes that this is the toughest foreign policy problem our country has faced in a long time. And I'm trying to proceed in a very deliberate way to try to make sure there isn't a Vietnam problem here. But also to try to make sure that the United States keeps pushing to save lives and to confine the conflict. I don't think we can just turn away from this. Just because we don't want to make the mistake we did in Vietnam doesn't mean we shouldn't be doing anything. There are things that we can do, and we're trying to do more to try to push this thing toward a settlement.

I also think that in terms of our clear self-interest, in addition to the humanitarian issue, if we can stop this conflict from spreading, and it has powder-keg potential, that that is clearly in our interest.

### **Editorial Criticism**

**Mr. Imus.** You know what I've always wondered, Mr. President, you read the editorials in the Washington Post, the New York Times, and the Wall Street Journal and you read these op-ed pieces—do you ever read



one of those and then call Al and say, "Man, that's a good idea. Why don't we do that?"

**The President.** Actually, I do.

**Mr. Imus.** Do you?

**The President.** Absolutely, I do. I also often read editorials that question our policies or our op-ed pieces that question our policy, and I send it to the Vice President and to other people in the administration, and I say, "If we don't have an answer to this we shouldn't go on. This is the best case against our policy. What's our answer to it?" I think that's important.

You know I don't mind, frankly, I don't mind criticism. In fact, I welcome it when it's rooted in ideas, when people are questioning whether a policy is right or wrong. But what I try to do is to have a new spirit of possibility here. I want a sense that, you know, we stop all this other political give-and-take and real harsh partisanship and calculating personal advantage and just talk about the ideas and the issues at stake and try to keep our focus on what's best for the American people. We're really in a new and uncharted time in many ways. It's very exciting. There are all kinds of economic opportunities out there for the United States, but there are also a lot of very, very stiff challenges that we have to meet. And I think in order to do the right thing, we're going to have to keep our minds open and our ears open and be willing to experiment and to try some things until we find a course that will clearly work, that helps to support the security of the American people.

**Mr. Imus.** You know, I was talking at the beginning of our conversation, Mr. President—I was actually just kidding about this focus issue—but you know, what looked great was when you and Hillary went up to Capitol Hill and when you had that first town meeting in Michigan, and now you are in Cleveland and Chicago and this telephone call. You know, it began to look for a time—I remember I was watching Willie Nelson and Neil Young out there at Farm Aid, and they were talking about you and Al Gore, and they said, "What change?" And I think, you know, from the outside looking in, it's like we had 8 years of watching old Reagan get off and on that helicopter, and we wanted to see you do stuff like this. And I think this

is great, and I can't tell you how much I appreciate you calling.

But I would say this: Let's not wait until these approval ratings get down to single digits before you call me again, because——

**The President.** Let me tell you, one of the things I did, though, and you may think this is a mistake, but I mean—put yourself in my position. Partly, when I get out of focus with the people is when I'm not communicating directly with them, when I'm just answering other people's questions, and I'm at the mercy of whatever is on the evening news.

But I came to this city with a determination to work with the Congress and to try to get some things done. In the first 3 months, I thought that, having been out across the country for the last year and a half, I should spend a great deal of time in intense efforts to develop an economic package, a health care package, and to get the basis of our national security and foreign policy down so that I would have a framework to proceed in. Most of the time I've been here, I've spent on the economy and on health care. In other words, my time has been sharply focused. I don't think the American people know that because I haven't been out here talking to you and people like you out there.

But there's been a big difference between the way I've spent my time in the efforts of the administration and, I think, what the perception is. That's my fault, in a way, and I'm going to get out and correct it. But I had to spend a couple of months, I think, just going to work in the office, getting the details down, working through the procedures, making sure I understood how the thing worked. And now I can go back on the road and do the things that I think are important to connect the American people to their Government. And I recognize that that's my responsibility. Only the President can do that, and if I don't do it, it won't be done.

### **Basketball**

**Mr. Imus.** I know, Mr. President, you're coming to New York this afternoon. Do you want to go to the Knicks game tonight, or—*[laughter]*——

**The President.** You're betraying your all-sports radio. I know you're trying to convince your listeners that you know something about

this. You're trying to get your approval ratings up on sports. I know that.

Actually, I'd like to do it. But I'm going to speak at the Cooper Union this afternoon. And then I'm going to a Democratic Party event tonight. So I can't go to the ballgame, although I'd like to. I'm a big baseball fan, as you know.

**Mr. Imus.** Well, of course, this would be basketball, Mr. President.

**The President.** Oh, did you say Knicks? I thought you said Mets.

**Mr. Imus.** No, nobody wants to see the Mets. Are you kidding?

**The President.** Let me tell you something. My wife grew up in Chicago as a Cubs fan. Once you get for a baseball team, you can't quit it just because it doesn't win.

**Mr. Imus.** Well——

**The President.** I thought you said Mets. No, I'd love to go to the Knicks game, but I'm otherwise occupied. I watched two of those games last night on television. Do you think the American people would think less of me if they thought I stayed up late and watched basketball?

### **Physical Fitness**

**Mr. Imus.** No, I don't think—in fact, I read you've been watching the Houston Rockets and the Clippers.

You know, I'll let you go here. Just one final observation that I thought was kind of funny. Did you see any clips of Strom Thurmond interviewing one of those gay sailors? Here he is—I don't know if you know what he was saying—you know, "Have you seen a psychiatrist or"—[laughter]—I thought, man, if I could be 90 years old and have it that together, there really isn't any other goal. Let's hope the same happens for you, Mr. President.

**The President.** Since we're on an all-sports network, let me give Senator Thurmond a plug. He still works out for 50 minutes a day, and that's why he's still out there doing it. So if everybody listening to us will start spending 50 minutes a day taking care of themselves, a lot of them will be 90, 91 and still plugging away like Strom.

**Mr. Imus.** May I ask you a question about your jogging?

**The President.** Sure.

**Mr. Imus.** What are your mile splits? We have an estimate here that's right around 12 minutes.

**The President.** No. When I ran with the Boston Marathon runners, we ran a 5k, and this is allergy time for me so I have to start out slow. We ran the first mile in 9 minutes, the second mile in 8 minutes, and the third mile in 7 minutes.

**Mr. Imus.** Man, that's a lot faster than I do it.

**The President.** When I run here in town, I average probably about an 8.5 minute mile. But I can run it faster on Valentine's Day. The Vice President and I did 2.5 miles in a Heart Association run at about 7.5 minutes a mile.

**Mr. Imus.** Terrific. Mr. President, thank you very much. Thanks for coming on, and good luck.

**The President.** Thanks. Talk to you again, I hope.

NOTE: The telephone interview began at 7:38 a.m. The President spoke from the Oval Office at the White House. A tape was not available for verification of the content of this interview.

### **Remarks on the Swearing-In of the Small Business Administrator and Honoring the Small Business Person of the Year**

*May 12, 1993*

Please sit down, ladies and gentlemen. Good morning. It's great to see all of you here in the Rose Garden. I want to thank the Members of Congress who have joined us for this ceremony, and welcome all of you small-business people and your families from all across America here to the White House for this important day.

This is an extra special day to celebrate the winners of the small-business people of the year awards, because today we're also going to have the oath of office for the new Administrator of the Small Business Administration, Erskine Bowles. I chose Erskine for

a very simple reason, because he's a business person and not a politician.

Too often in the past, the SBA has been the province of politics too much and business too little. This man has devoted his life to helping people start businesses, to helping them grow their businesses, to helping them reach out beyond the borders of their communities, to State and regional and national and international markets. He really understands what it's like to start and to keep going a business enterprise. His plans for the Agency include a plan to improve the management and outreach to determine what we can do to actually create more success stories in the small-business community.

He's already met, I know, with many of you who are here for this celebration. But that's just the beginning. I think you will see the most energetic, connected, and continuous effort to reach out to small business that the SBA has ever given to the American small-business community.

Now, I'd like to introduce Erskine and Judge James Dixon Phillips, Jr., of the Court of Appeals of the 4th Circuit in Durham, North Carolina, who will administer the oath of office. Erskine's wife, Crandall Bowles, will hold the Bible, and then they will take it over from there.

Judge?

*[At this point, Judge Phillips administered the oath of office. Mr. Bowles expressed his gratitude to the President and enumerated his priorities for SBA.]*

Thank you very much. I predict that over the next 4 years, small-business men and women in every State in America will come to see Erskine Bowles as the best advocate they ever had. And I assure you that he is going to have a real influence on our economic policy.

Some evidence of that is the presence here today of the two other Members of my Cabinet, Ron Brown, the Secretary of Commerce, and Mickey Kantor, our U.S. Trade Representative. We are going to have a coordinated policy for small business. We have to have the Commerce Department, we have to have the Trade Office, we have to have

the Treasury Department if we're going to attack all these issues. And I'm very, very proud of the team that we've got working on it.

Let me just mention one or two other things about the small-business economy. We have spent most of our time in the last 3 months or so in meetings in this White House talking about the economy and talking about health care and its impact on the economy. Over and over and over, we come back to a central fact of the American economy in the last 12 years. In every year of the last 12 years, the biggest companies in America have reduced employment in this country, even as they were increasing productivity, even as their profits went up, even as their stock values went through the roof and Wall Street reached all-time highs, in every year.

Some of that is because of being involved in other countries in a global economy. A lot of it is just using the technology of new productivity to have machines do more work, or have people do more work, overtime, and more part-time workers. But the bottom line is, in every year employment has been reduced by the biggest businesses in this country.

In every year until about 3 years ago, the reduction in employment by big business was more than offset by the increase in employment by small businesses in America and by the startup of new businesses. Then, about 3 years ago, that too came to a halt because of a national and international recession, because of the credit crunch, because of the burgeoning costs of health care on smaller businesses and all the extra additional costs of hiring one more worker, whether it's worker's comp or some other cost or the Social Security costs.

The extra added costs to small business of hiring additional workers meant that, over the last 2 or 3 years, small businesses, even when they were growing, have relied more and more on overtime, more and more on temporary workers, and less on adding to the job base of America. We have talked about this endlessly in these walls here, trying to come up with policies that would address that, trying to reward the spirit, the grit, the entrepreneurialism, the creativity of you and

millions of Americans like you all over this country.

I have seen, I suppose, being a former Governor of a small State, as many small businesses up close as virtually anybody who ever occupied this office. I have more than a healthy respect for the fact that you now employ a majority of America's workers and create a huge majority of America's new jobs.

Just a couple of days ago, as I'm sure you all know, I went out to Ohio and to Illinois. And when I finished my speech in downtown Cleveland to the City Club, before we went out to the airport, I told my entourage with no planning that I wanted to go back to a small business that I came across in the primary in Parma, which is a suburb of Cleveland, to visit a woman named Mary Poldruhi, who became a friend of mine in the election. She started a business called Parma's Pierogis. And she did it as a Polish American, and no bank would loan her any money. So she got a telephone book and called hundreds of people in the telephone book with Polish surnames until she found 80 people who agreed to put up \$3,000 apiece to start her business, which she runs with her family and a couple of friends and which has done very, very well indeed.

That is the sort of spirit and creativity that I'm sure—I see a lot of you nodding because you identify with that experience in your own lives. I was so impressed with this woman and her family that, literally, I was sitting there in Cleveland—we just decided to go back and see her and see how the business was doing and what could be done to try to stabilize this environment and make it better.

I want to talk about just two or three of the things we're trying to do. Erskine already mentioned the initiative that Secretary Bentsen organized to have the five major financial Departments of the Federal Government work on trying to simplify regulations and end the credit crunch. A lot of business people tell me that it takes a little time for the orders we issue in Washington to manifest themselves in the bank down the street. And if that's not happening, that is one of the things that Erskine Bowles is here to address. We are determined to change the environment which has led to so much withdrawing of capital when it ought to be out there plen-

tiful now, given the economic conditions, for new loans for good prospects.

Secondly, in the proposal that the Congress is now considering to bring the deficit down, there is a sweeping new proposal to provide a huge capital gains cuts for new investments and new enterprises to try to start more small businesses, and I hope it will have your support. We've also asked for an extension of the 25 percent deduction of health care costs for the self-employed, which I think is very important.

Finally, we are in intense negotiations at this moment, as we speak, to guarantee that whatever comes out of the House Ways and Means Committee in the tax bill will include a substantial increase in incentives for small-business people to reinvest in their own companies. So these are the kinds of things that I hope will help us to generate more jobs and will support your efforts.

There is also a community development bank initiative and a big enterprise zone initiative that I think will help to spark more small businesses in distressed areas and rural communities and big cities. But over the long run, we also have to have a healthy financial climate in the country. And that means that we must pass a budget this year that takes a strong step to bring this deficit down.

Ever since the election was over when the then-Secretary-designate of the Treasury, Lloyd Bentsen, went on television and said we are going to have a tough deficit reduction plan and outlined some of the elements of it, interest rates have been going down in this country. Mortgage rates are at 20-year lows. The business journals say that if we could keep interest rates down this low for another few months, over \$100 billion will be released into this economy through refinancing of home mortgages and business loans and other things for new investment and new opportunities. Now, we know that someday interest rates will go up again, but we want it to happen when the economy starts to boom again. And we want the interest rates to stay down while we refinance and get as much new money as we can at low interest rates back into this economy.

A year ago, only 47 percent of the American people thought, for example, that the next generation of Americans would be able

to afford a new home. Just a couple of weeks ago a bipartisan poll said 74 percent of the people now think that, because we're making a strong effort to bring the deficit down to hold the interest rates down. I wish there were easy and painless ways to do that, but it requires cuts and tax increases.

I'm going up to New York after I leave you today to announce at the Cooper Union that I am going to support, strongly, the proposition that we guarantee the American people two things: number one is, no tax increases without the spending cuts, and number two is, that tax increases will go to reduce the deficit, by creating a legally separate deficit reduction trust fund which will tell you where your money is going. I think that this will do as much as anything else we can do to make your lives healthier over the long run.

Let me finally make one last point. We didn't get into our economic difficulties overnight nor at the hand of any particular party. There is enough blame to go around, and there will be enough credit to go around, if we work our way out of it. I want to reiterate what I have tried to say since the day I became President: I do not seek a Democratic or a Republican resolution of America's problems. I would like for us to define an American solution that goes beyond the paralyzing debates of the past. In spite of the fact that we've had a little of that here, there's also a lot of evidence that we are moving beyond it. We've passed a budget resolution in record time. The Congress passed the motor voter bill yesterday which had strong opposition, but it's a great thing, and the young people of this country are very excited because it will make it easier for them to vote.

In the last election we had more young people voting than any time in 20 years, and there was a sense that we could give our political system back to the people who are the true owners of it. So I think there is every reason to hope that we can still build a sense of possibility and hope and progress among people of good faith in both parties, and I want to encourage that. And it ought to be rooted in ideas and in action, because that's really the sort of thing that brought all of you here today.

I hardly ever have had what you would call a conventional political discussion with a small-business person. You know, I mean, if I go in and I talk to somebody about, can you afford health care? What's your coverage? What are the options? What's the matter with the insurance coverage? How big is the pool you're in?—the words Democrat and Republican never come up. Somebody says they went down to the bank, and they couldn't get a loan, and here were the problems, and look at this stack of paper from the Small Business Administration I had to fill out. Nobody ever put a political context on it. And I hope that we can focus our attention here on our problems and ask openly what should be done about them in the same way that you and I would engage if we were just having a personal conversation in your place of business.

The triumphs of the people we honor here today it seems to me, are the triumphs of America. The idea that you've got a right to take a chance. You've got a right to fail so that you have the right to succeed. You're given the opportunity in a free-market economy to bring your ideas to bear and see if people respond.

I have been terribly impressed—I've read the life histories of a lot of the award winners that are here today, and not just the three that we come to recognize. And I wish I could say something about all of you who are represented. But as you know, the purpose of this ceremony is to recognize the second runner-up, the first runner-up, and the Small Business Person of the Year. I just want to say to all the rest of you, we honor your achievements, and we know that these people, in a fundamental and profound sense, are reflective of what all of you have done.

For David Parker, success has been what you might call an open-and-shut case. His Pelican Products of Torrance, California, began as a scuba supply manufacturer but now is best known as a maker of suitcases and containers that are so hardy they're used in the environmental safety industry. They've even survived on a trip to Mt. Everest, something I'm not sure I could do. Now, that is a real climb to success. I want to ask David to come up here and receive our congratula-

tions as a second runner-up in the Small Business Person of the Year.

Carol Rae was hired as a consultant to the Magnum Diamond Corporation. But in no time, she was asked to run the company. Now, I can tell you, as somebody who has fooled with a lot of consultants, that in itself is an incredible compliment. As president of the business, she's made it a leader in surgical tools for eye surgery. The Rapid City, South Dakota company has grown from 7 employees to 68 in about 4 years. That's a very impressive achievement for Carol Rae, our first runner-up. Would you please come forward and be recognized?

Did you hear what she said? "I'm one of his customers." *[Laughter]*

Bill Engler, Jr., is the CEO of Kaytee Products, and that makes him the biggest employer in Chilton, Wisconsin. Kaytee is a case study of making change your friend and not your enemy. The business has been in his family since 1866 when it sold feed and grain, something I know a little about. *[Laughter]* But it wasn't until Bill took over 9 years ago that the business began a growth explosion. Kaytee now sells only wild bird and pet food, and it's gone from 64 employees to 365 workers. Sales went up from \$10.6 million to more than \$70 million. And for his amazing accomplishments, Bill Engler, Jr., has been chosen the Small Business Person of the Year. Let's bring him up with a hand. *[Applause]*

*[At this point, the President presented Mr. Engler with the award.]*

I want to salute you all. I want to wish you continued success. I want to pledge you continued access to this administration. I want to ask you now as you leave here to give us the benefit of your ideas, your suggestions, your constructive criticisms and help us to bring to the White House the kind of entrepreneurial spirit that you have brought to your businesses and that we must all bring to the United States.

Thank you very much.

NOTE: The President spoke at 11:02 a.m. in the Rose Garden at the White House.

## **Exchange With Reporters Following the Small Business Person Award Ceremony**

*May 12, 1993*

### **Serbian Arms Embargo**

**Q.** Mr. President, have you changed your views on the arms embargo at all?

**The President.** No.

**Q.** Does the fighting—

**The President.** I haven't changed my views. I just don't know if I've changed anybody else's, but I haven't changed my views.

### **Associate Attorney General Nominee**

**Q.** Do you still back Webb Hubbell's nomination?

**The President.** Of course. Why wouldn't I?

**Q.** What about the Republican calls for him to resign?

**The President.** A little inconsistency in their position. Look how they voted on a lot of other people.

**Q.** Such as who?

### **Deficit Reduction**

**Q.** Mr. President, why do you feel you have to make this guarantee on deficit reduction?

**The President.** I just think it will help to reinforce the commitment that we already have: no taxes without spending cuts; all the taxes go to the deficit. I think that's what we ought to do. That's the way we set it up. Now we'll just put it into the law. It will be even better.

**Q.** What effects do you think it will have on Congress?

**The President.** It's consistent with what I did as the Governor at home, too. When I raised money at home for education, we put it into education, and it can only be spent on that.

**Q.** Is it a compromise?

**The President.** Gosh, no. It makes it better. I mean, I don't know who—com-

promise—I don't know if anybody's against it. But I think it's the right thing to do.

NOTE: The exchange began at 11:40 a.m. in the Rose Garden at the White House. A tape was not available for verification of the content of this exchange.

### **Remarks at Cooper Union for the Advancement of Science and Art in New York City**

*May 12, 1993*

**The President.** Thank you very much. It always seems to be a good thing for me when I'm introduced in New York by Governor Cuomo. [Laughter] I must confess to having mixed feelings as I sit on this revered stage with all these distinguished citizens. And president Iselin made his eloquent remarks and then your fine Mayor spoke so forcefully, and the brilliant chairman of the Senate Finance Committee brought us back to Woodrow Wilson. And then Governor Cuomo once again gave me a hard act to follow, and they all left the stage. I thought to myself, pray this is not a metaphor for the battle ahead.

This is the second thing I have had in common with President Wilson. I received a fascinating letter the other day from Johnston and Murphy, the shoe manufacturers from Nashville, Tennessee. They have made shoes for every President going back to the 1850's. So they made a pair of shoes for President Lincoln. And they send you a little catalog, and you pick the shoes you want. And they send them to you with your name in them. It says "Johnston and Murphy—every President served." And so I ordered these rather simple plain black shoes, and they wrote me this wonderful letter in which they said, "We're from Nashville, Tennessee, and we know what's in your heart. So here's an extra pair of shoes." And they sent me a box of blue suede shoes. [Laughter]

And then in the letter they recounted the choices of all the previous Presidents. And they said that in one way my choice was not particularly innovative, that five other Presidents had chosen the same style I did, including Harry Truman, which made me very proud. But they said, you do have the biggest feet of any President since Woodrow Wilson.

[Laughter] So you had two sets of big feet here from the Presidents.

President Wilson said in an address that Senator Moynihan quoted: "I have been dealing with young men most of my life"—he wasn't so gender-sensitive as he should have been—"and one of the things I have tried most to impress upon them is not to stay young too long, but to take themselves seriously." Now at one level I want us all to stay young forever, but I do think the time has come for us to take ourselves and our purposes more seriously. This celebrated institution and the community of scholars and activists it embraces is the result, as president Iselin said, of Peter Cooper's determination more than 130 years ago to create an institution intellectually vigorous with free tuition, the first nondiscrimination policy in American history, and a genuine commitment to social justice. He believed you could do more than one thing at a time. [Laughter]

Here Mr. Lincoln asked our country to confront the cost of the spread of slavery, to ask hard questions about the conditions that had plagued our nation since its beginning. Remember it was Thomas Jefferson, not Abraham Lincoln—Thomas Jefferson the slave owner—who said, "I tremble when I think of slavery to consider that God is just." There were people who knew in their hearts the truth but had denied it a long time.

Lincoln said that to continue to do that threatened to tear our country apart. He knew the Nation would be destroyed if slavery spread and that unless the country's drifting stopped, the very drift would carry within it the seeds of our destruction. And so, here at Cooper Union he asked those hard questions and gave strong answers. Soon after he won the nomination of the fledgling Republican Party and went on to win the Presidency by only 39 percent of the popular vote, receiving virtually no votes south of the Mason-Dixon line. Soon after that the war came, and Lincoln's fight for the Union grew into a determination to abolish slavery.

Several days a week I walk alone into the room in the White House where Abraham Lincoln signed the Emancipation Proclamation and try to remember the purposes of

the United States of America. The fight for the Union and the fight against slavery cost Abraham Lincoln his life, as well as the lives of hundreds of thousands of his fellow countrymen. But America prevailed in form and spirit. And America has endured in form and spirit because in times of crisis and challenge, leaders have asked the hard questions and given the strong answers. And the American people have rallied.

Look at the condition of America today. How can we avoid asking those questions? To be sure, we are still the strongest Nation in the world politically, economically, and militarily. To be sure, more than anyone else in the world we have accommodated the incredible diversity of our land with remarkable harmony. When you look at what is happening, the heartbreak in the former Yugoslavia today, where there are three ethnic groups that genetically have no ethnic differences at all but call themselves ethnically different solely because of the accidents of religion and history, it is an incredible tribute that in this country, in this great city and across the country in Los Angeles and in all places in between, that we live together as well as we do with our diversity.

But still we cannot avoid the hard questions. If we're so great, why are most middle class families working longer hours today than they were 20 years ago for wages that in real terms are less than they were a decade ago? Why? are one in 10 of our people so impoverished they're on food stamps? Why are over 8 million of us out of work if we're in the 17th month of a recovery? Why are there over 35 million of us without health care and millions more Americans terrified of losing their health coverage, with 100,000 Americans a month losing their health insurance, and millions of others who can never change jobs under the current system because they or someone in their family has been sick, and so they have a preexisting condition which makes them unemployable with health insurance elsewhere?

Why? Why that half the people on welfare not get off of it as a safety net after just a few months? Why is there a whole class of new poor people, mostly young women and their little children many of those children never born into an integrated family? Why?

Why was—only 35 years ago, only 35 years ago—there conditions even in New York City in which there were three police officers on the street for every violent crime, and today there are three crimes for every police officer?

Why does the Government fail to deal with the problems that this age has brought to us and engaged the American people in dealing with them? Why have we seen the Government's debt grow from \$1 trillion to \$4 trillion in the last 12 years, while we reduced our investment in the people of America and their promise and their ability to compete?

Why in the world would we reduce all this defense spending, including jobs for engineers and scientists and factory workers, with no plan whatever to put that money back to work to create opportunities for them, cleaning up the environment or exploring the frontiers of technology here at home or helping us to compete with people all around the world?

The American economy finds itself in the middle of a global marketplace, challenged on every hand by nations who have made wise investments in their people, their workers, and their technological edge. Yes, there is today a global recession which is making our problem more difficult. But if you take the long view, those who have made the investments in the eighties and those who are doing so now will be rewarded over the long run. For a decade or more, we have both expanded our debt and reduced our investment in areas key to our future.

We also have in this country a crisis of belief and hope. When President Kennedy took office, younger than I was when I took office, over 70 percent of the American people fundamentally believed that their leaders would tell them the truth and that their system could succeed. Now it seems as if half the people just stand around waiting to be disappointed, waiting to be told what's wrong and who's failed and how the special interests once again have strangled the national interests and why they should go on about their business without believing things can be different. I believe that the nature of our challenge is this: We must both restore our economy and restore the confidence of our people



in our democracy. And I do not believe we can do one without the other.

This is a strange and, in a way, wondrous moment in our history when citizens everywhere desperately want things to change but still are wary of it and reluctant to place their faith in anyone's prescription. We must begin with the economy. We must change the way the Government works if we expect the economy to improve. And we must rebuild the confidence of the American people based on the three words which were the watch words of my campaign for President: more opportunity for all, more responsibility from all, and the clear understanding that we are a community and we're all in this together, going up or down together. Whether we like it or not, that is clearly the truth. And we must begin to act as if it were.

How can we reduce the deficit? Let's start with the big problem of the debt. Well, the answer is not popular. To reduce the deficit you have to reverse what produced the deficit. What produced it? Tax cuts and spending increases. Doing what people like. The most popular thing in the world is for me to cut your tax, and write you a check. And that was what was done by Government for the American people for 12 long years. I'll cut your tax and I'll write you a check—that's a good deal. It used to be known as a free lunch when I was a kid.

We have to begin to reverse this process. And because Government has been at fault, first you should ask Government to change. So I have asked in Washington that we begin with significant spending cuts below the budget that was adopted last year to reduce the deficit and to free up resources for targeted investment in the future of our economy and of the young people here present in this hall.

We should look at every program for possible savings, including ones that Democrats have favored for a long time. And there should be no tax increase, not a dollar, without the spending cuts. That is the meaning of the budget resolution that was passed a few weeks ago in record time. It contains the largest deficit reduction proposals in history, over \$500 billion in deficit reduction over a 5-year period with more than 200 very specific cuts in programs. Those were tough to

make, but necessary in the face of a \$4 trillion debt that will continue to grow until the deficit itself is reduced to zero.

That deficit is robbing us of our ability to invest in our future. More and more of our money just goes to pay interest on the debt. If we don't change it, by the end of the decade over 20 cents on every dollar you pay in taxes will go just to service the debt. Now, that is also a redistribution of wealth away from middle class taxpayers to the upper income people who hold the debt, instead of to invest in the jobs and the education and the infrastructure of the future of New York and the rest of America.

We made cuts in Medicare, a thing that is difficult to do. We asked upper income Social Security recipients to pay tax on more of their incomes, a thing that is difficult to do. In spite of the fact that I value public service greatly and I believe public employees too often have been used as whipping boys for the difficulties and frustrations of the moment, still I asked the public employees of the United States of America to have a pay freeze for a year and to keep their wage increases below inflation and cost of living allowances for each of the next 3 years.

I come from a rural State, heavily electrified by the Rural Electrification Agency, but I asked that the subsidies to the REA be reduced. I asked that certain programs that benefit cities but that don't have the accountability of the normal budgeting process also be reduced. All these were not easy. But it seems to me essential, if we're going to ask the American people to sacrifice, that the Government take the lead and show the way.

We're also fighting, however, to do something no Government has done before, to both reduce the deficit and increase targeted investments in areas that are designed to secure the future of this country, in the ones Governor Cuomo mentioned: in Head Start; in the program to get children off to a healthier start in life with immunizations and nutrition; in better programs for apprenticeship training for our work force; in opening the doors of college education to all Americans through reforming the student loan process and a program of national service; in new incentives for our industries to develop new technology. These are things

which other countries do as a matter of course and take for granted and which lead to huge increases in productivity. The case for them should be plain in America once inessential spending has been cut.

The cuts, however, must be credible. And credibility is difficult to come by in Washington today. They must be legally enforceable. They must be plain to the American people. After 12 years of rising deficits and Americans feeling deceived about the issue, I don't blame the people of this country for being distrustful about what they hear from Washington when it comes to bringing down this deficit. That is why I have decided today to propose that we establish a deficit reduction trust fund and put every penny of new taxes and the budget cuts proposed in my budget into the trust fund so the American people know that it has to go to deficit reduction.

There are several members of the New York congressional delegation here today. I thank them all for being here, and I thank especially Congressman Schumer for his leadership on this issue. I thank Senator Moynihan for his support of this issue. Senator Moynihan said on the way up here that he thought we ought to do it to win a victory for the clarity of our determination to reduce the deficit. Senator Bradley had an op-ed piece in the paper today endorsing the idea. The time has come to prove that when we say we're going to do something with the people's money, we actually do it.

Let me repeat what this means. We will create a trust fund in which every dollar that is raised will go to deficit reduction and in which all the net budget cuts which have been approved will do so also. This is very important. This seriousness, however, should not relieve us of our obligation to recognize that over the long run we must also bring down the investment deficit in this country. I am as dedicated to that as I ever have been. I know that long-term economic growth depends on high-quality and comprehensive education and training, converting the workers and the investments from defense that is being cut to new technologies which must be increased, establishing new and innovative partnerships with the private sector and, as I said earlier, opening the doors of college education to all Americans. But bringing the

deficit down will give us the freedom to do that.

This budget saves, as I said, about \$500 billion. And the trust fund will ensure that we do just that. It will be a change in the way Washington does business. It has broad support. But I also want to emphasize that it will only confirm the direction on which we have embarked. The financial markets here in New York have already understood the seriousness of this administration. Look what's happened to long-term interest rates just since the election. Just since the election—mortgage rates at a 20-year low, many other interest rates at record lows. All the analysts say that if this can continue a few more months in this period, we will see about \$100 billion freed up for investment in America through people refinancing their home loans and business loans and taking out car loans and consumer loans at lower interest rates. This is a job stimulus program that is big and important. And bringing the deficit down so that the huge overhang of private and public debt of the 1980's can be refinanced is a great strategy to begin the economic renewal of America, and we must stick with it.

More can be done. But to do more we have to actually rethink the whole way the Federal Government operates—how does it operate on its own terms? How does it relate to the States and the private sector? I asked the Congress to give me some more money for technology so I could run the White House with many fewer people than my predecessors had. I asked that we have a 14-percent across-the-board cut in the administrative costs of the Federal Government over the next few years: 100,000 reduction in the payroll by attrition, over \$9 billion in savings simply by administrative changes alone. But that is just the beginning.

I have also asked Vice President Gore to head a task force which will reexamine every Agency of the Federal Government, every program of the Federal Government, and the whole way it is organized. Every major company in America had to go through a wrenching reexamination process in the 1980's. The Federal Government had many of its Departments cut, but the way it operated continued to be largely unexamined. It is time that we

impose the same sort of reexamination process on the National Government. When we do it, we will find more savings, and more importantly, we will increase the quality of service to the American people.

Finally, I want to compliment the House of Representatives last week on passing a bill with the mind-boggling title of “enhanced rescission.” But when you strip it away, what it amounts to is a modified line-item veto, which is enjoyed by most Governors and which will enable the President to strike out spending items that he believes are unnecessary but will give the Congress the freedom to put them back in after voting on them individually so, that the people can make their own judgment and so can the Members of Congress.

These things will make the Federal Government more efficient and will set us on the path to long-term reform. We ought to also think about our partnership with the private sector and our partnership with State and local government. Mayor Dinkins mentioned it. I was gratified to see a couple of mentions in the press recently about the fact that our administration had tried to give cities more relief from unnecessary regulations and States more leeway in promoting various kinds of reform in health care. I just told Governor Cuomo that I was very excited about the health care reform package that he put forward in New York, and Hillary’s task force has been very much influenced by the New York reforms.

We believe that a lot of the problems of America can be solved by cities and States if the National Government will have targeted investment and then will give people their head to do what they know needs to be done. You’d be amazed how many programs have quite a bit of money in them, but most of the money, or a great deal of the money, never reaches the ultimate beneficiaries at the State or the city level because of all the layers in between. You’d be amazed. I was in Chicago a couple of days ago and—the Mayor of Chicago—that there are one or two programs that his staff wouldn’t even let him try to get for Chicago because the administrative hassle of securing the funds were so great. We’re going to change that. We’re going to have a new and different and

vibrant process that trusts the people of New York and their elected leaders, and the State of New York and their elected leaders, and people throughout the country to have real innovation in the same way that I think we want in the private sector in the United States. But, finally, let me say—the Mayor, the lone clapper.

We also have proposed to change the relationship between the Government and the private sector in a tax reform package that Senator Moynihan will soon take up if it passes the House, and I hope it does. There will be significant incentives for businesses, large and small, to increase their investment in this country and to be rewarded for it. We will have initiatives that will empower neighborhoods and give people significant incentives to go into neighborhoods in small towns and rural areas and in big cities to put real investment there to create real jobs. We’ll provide people real incentives to end welfare as we know it and require them to move forward with that. We will do things that are different from what either party has done before to try to empower people to live up to their God-given potential in a new and different partnership between the United States and people in the private sector.

When you strip it all away, there’s still one more tough question that has to be answered. If you want the deficit brought down, we have to face the fact that in 1981, taxes were cut by 6 percent of the national income of this country, twice what President Reagan originally recommended when he was elected President. And that gap has never been made up.

David Stockman, President Reagan’s Budget Director, has an interview in a magazine called the *New Politics Quarterly* this month in which he says, “I don’t agree with all of President Clinton’s spending plan, but at least he’s telling the truth. You cannot fix the deficit without a tax program, because we cut taxes more than twice as much as we proposed to do it when we came in. We got into a bidding war. We got carried away. What we did was irresponsible. And then all the politicians since then never had the stomach to tell the American people the truth. And it was just more fun to cut taxes and

pass out money than to do the reverse." Now, that is the hard truth.

I really believed in the campaign that we could raise revenues modestly on upper income people, close some corporate tax loopholes, and do some other things, do the spending cuts, and bring the deficit down. After I was elected, the Government announced that the annual deficit was going to be \$50 billion a year bigger in 3 of the 4 years that I would serve as President, \$50 billion a year bigger, and \$15 billion bigger in the fourth year. And it became clear to me that under those circumstances we could not begin by cutting anyone's taxes; that we ought to have a responsible, balanced energy tax and that most of the tax burden should be borne by those who had their taxes lowered in the eighties while their incomes went up, people in higher income groups—but that we ought to have a balanced and fair package, not to "soak the rich" but to share the burden, to try to say this is our job.

And so I say to you, yes, I will put this money in a trust fund, but that does not mean the money does not have to be paid. If you want the interest rates to stay down, if you want the profits of lower interest rates, you must undergo the pain of the spending cuts and the tax increases, because that's the only way to really bring the deficit down.

Now, the question is, are we going to do this, or not? Are we going to do this, or not?

**Audience members.** Yes, we are.

**The President.** I think we are.

There are some who say no. Today in Washington there are 80,000 lobbyists. It's a growth industry. I'll guarantee you one thing, I created some jobs since I got to be President.

But the Congress is now dealing with two bills which will help to reform the way our politics work. They just passed the motor voter bill, something young people of America really wanted and which I'm very proud of, which I hope and pray will continue the trend of increased voter participation. But now Congress is dealing with two tough other issues. The United States Senate passed last week a bill—finally, believe it or not, in the year 1993—finally requiring everybody who actually lobbies them to register as a lobbyist and requiring that the gifts that they give to

Members of Congress or the expenditures they make on trips or whatever all be reported. Believe it or not, they weren't done before now. The Congress passed that with only two dissenting votes—the Senate did. The bill is now going to the House.

In addition to that, last Friday I proposed a comprehensive campaign finance reform law which will lower the cost of congressional campaigns, reduce the influence of political action committees, and open the airwaves to challengers as well as incumbents for more honest debate. It is a tough, good bill. If we can pass these bills, they will help to open the system too.

People are full of hope now. We've received in 3½ months more letters than the White House got in all of 1992. If you haven't gotten yours answered, I hope you'll be patient. We've got over 200 volunteers coming in just to open the mail and trying to sort it and read it. But it is a wonderful reaffirmation, the critical and the complimentary and support letters alike, that Americans really want their system to respond to them again. And we must do that.

If the first issue is the economy—or in the vernacular of my old campaign sign, "It's the economy, stupid"—that means deficit reduction, investment for jobs and technology, and education. It means controlling health care costs and dealing with that crisis. I should tell you that no matter how much we reduce the deficit in the next 5 years, it will go right back up again if we don't address health care costs, because that's the fastest growing part of the Federal budget deficit.

It must include all these things, as well as political reform and changing the way Government works. And change is hard. It doesn't happen overnight. You have to do what Lincoln did: Ask hard questions, give strong answers, and hope the American people rally.

We can move forward. We can have a whole new partnership in this country, one that goes beyond the things that normally divide us, beyond the dividing lines of party, of race, of gender, of region, of income. We can do that. Ideas and energy can replace drift and delay. We can grow in wealth and wisdom and liberty.

But this requires more than good ideas and more than political energy. If I may say, if you don't remember anything else I say, I hope you'll remember this: The human condition in the end changes by faith. And faith cannot be held in your hand. The Scripture that I carry to my place of worship every Sunday says, "Faith is the assurance of things hoped for, the conviction of things unseen." But make no mistake about it, it is by far the most powerful force that can ever be mustered in the cause of change.

Today we are seeing too much cynicism and too little faith, an obsession with the moment, an obsession with the politicians and their wins and their losses, an obsession with blame and division, an obsession with paralysis, an obsession with always pointing out the pain of change and never embracing its promise. Without faith, in the end we always wind up resorting to the easy and the immediate: "Tax the other guy. Cut that other program, not mine. Wait for somebody to deliver the goods to me, or wait for it not to happen till I can blame somebody else for what didn't."

But faith changes all that. Lincoln's cause in 1860 was to keep our house from dividing. Our cause today is to put our house in order. If "a house divided against itself cannot stand," surely a house in disarray will not provide shelter and a home. Surely a house where problems are denied or blamed on someone else in the next room can never be a home for America.

To preserve the American dream in our time and for your future, yes, our leaders must ask tough questions and give strong answers. But people must rally to the cause of change with faith. We have to believe again, believe through the "frustrations and the difficulties of the moment," as Martin Luther King characterized them, believe through the inevitable rocks in the road to the ends of the journey. We must believe through the smallness and the spite that conflict always brings out in all of us. We must believe through that, to the spirit and generosity and courage that is America at its essence.

Mr. Lincoln closed his Cooper Union speech with the following words: "Let us have faith that right makes might, and in that faith, let us to the end dare to do our duty

as we understand it." My fellow Americans, our clear duty is to revive the American dream and restore the American economy. And for as long as it takes, with energy and joy and humility, let us dare to do that duty.

Thank you very much.

NOTE: The President spoke at 3:50 p.m. at the college. In his remarks he referred to Jay Iselin, Cooper Union president; Mayor David Dinkins of New York City; and Senator Daniel Patrick Moynihan, Senate Finance Committee chairman.

### **Remarks at the Democratic National Committee Presidential Gala in New York City**

*May 12, 1993*

Thank you very much. To Bruce and to Lew, and to all of you, I've had a wonderful time tonight. These lights are so bright. I only know half the people I've shaken hands with. It has been a wonderful time. I want to thank all the people who made this dinner possible, and I want to thank the wonderful entertainment. The choir was terrific. The group doing all the wonderful old songs from Dionne Warwick in the sixties were magnificent.

I was delighted to see Barry Manilow again in such wonderful voice, and grateful for his many contributions to our common efforts. I appreciated Phil Hartman saying he voted for me, but it's not quite enough for all the abuse I've put up with in advance. *[Laughter]* And I want to say to my friend, Whoopi Goldberg: Mayor Dinkins has a telephone call for you over here if you will go over and get it. *[Laughter]*

Ladies and gentlemen, all of you who made this night possible—Lew and Bruce, Bob Rose and the other committee members—Bob Berrie, Bill Boardman, Paul Montrone, George Norcross, Felix Rohatyn, Ann Sheffer, John Sweeney, and Steve Swid, thank you all. Thank you, Roy Furman. Thank you, David Wilhelm.

A lot of you were here with me a long time ago. I remember once, more than a year ago, when I came to New York and there

were hundreds of people here in a hotel for a fundraiser for me, I was dropping like a rock in New Hampshire. All those experts said I was dead. I hear their call again. [Laughter]

People who couldn't see the long road and didn't want to think of the fight as something that was bigger than any person were all pre-occupied. And I just couldn't believe all these folks were even showing up for a dinner in New York. It was so dark in the campaign, I thought, well, people will go ahead and send their checks and stay home. I imagined going into this vast ballroom and making a speech to eight people.

And I was feeling pretty sorry for myself, frankly. And I told this story many times, but a man stopped me at the hall who was working at the hotel and said that he was a Greek immigrant and he was going to vote for me because his son asked him to—was only 10 years old—that if I got elected, he wanted me to do something for his son. He said, "Where I come from, we were poor but we were free. Here, I make more money, but my boy's not free. He can't go across the street and play in the park without accompaniment from me. He can't even go to his schools safely without my going with him. And I want you to work to help make my boy free." And it made me remember what politics was all about. I don't even remember what I said that night, but I know all of a sudden I had forgotten about me and started thinking about the rest of America. And I think that is what we ought to think about tonight.

When we talk about a program, it only counts if there are people behind it. New York City, for all of the problems you may think you have, has registered the first decline in the crime rate in 36 years, because you did something about community policing. So we know now that there is a strategy which can make people freer. That's what personal safety is. And there is no excuse for not doing something about it. And that's what politics is about: focusing on the dreams and hopes and fears and needs of people. Sometimes I think that when we have these wonderful dinners, which are delightful to me, I've gotten to see some of you that I haven't even seen since the election, just to say a

simple thank you to you. Remember, we all did it so that we can make a difference in people's lives.

I want to say a special word of tribute here with all the people from New York and New Jersey and Connecticut, and my friend Mayor Rendell and others here from Pennsylvania, and even a handful of folks here from my home State. They were the ones who were clapping when Lew Katz gave his Arkansas pander. I appreciate it. I want to say a special word about one person who is here. I want to congratulate my friend Jim Florio on winning the John F. Kennedy Profiles in Courage Award, for facing the financial problems of his State, for facing educational problems of his State and, yes, for being willing to stand up for the police officers and the people of his city and State who wanted to be safe from crime, standing up to the gun lobby, and being for safe streets. That's why he got the award, doing real things, even if they weren't so hot in the polls at the time.

Now our country is being called upon together to try to do the things that we just talked about in the campaign. Governor Mario Cuomo said again today when he introduced me at the Cooper Union that we campaign in poetry, but we must govern in prose. It's another way of saying, and a more eloquent way of saying, it's a lot easier to talk about change than it is to do it. I was overwhelmed today to have the opportunity to speak on the same spot where Abraham Lincoln spoke at the Cooper Union in 1860. And I went back and read large portions of Mr. Lincoln's speech. He came to the Cooper Union and catapulted himself into the nomination of the Republican Party, into the Presidency and into the history and hearts of America. He did it by saying this is a difficult time, we have to ask hard questions and give strong answers. He said that we could not allow slavery to continue to expand; and that if we did, it would destroy the United States. He said in many other places that if the house is divided against itself, it could not stand.

Lincoln went on to become President, and he expanded his vision and he eventually signed the Emancipation Proclamation abolishing slavery. In the White House we have

a painting called "Waiting for the Hour," of black slaves watching a clock at five minutes to midnight, waiting for the stroke of midnight, January 1st, 1863, for the Emancipation Proclamation to become effective. Several times a week, often late at night, I go alone into the room where Lincoln signed that proclamation, and I remembered what the Presidency is really for—to help the American people move forward.

It is for us now to put this house in order. And the beginning is to stop denying our problems and to accept some common responsibility for solving them. The first thing we have to do is to prove that the Government can be trusted with your money by passing a budget that will bring the deficit down. Look what has happened. Look what has happened just since the election, because finally the country has an administration trying to do that: long-term interest rates going down very low—20-year low—billions of dollars, tens of billions being recycled into this economy, giving people the opportunity to make a new start. We have got to do that.

We also have to deal with this health care crisis. You know, so many of you said nice things about Hillary tonight, and I want to say I appreciate it, because about every third day she stops speaking to me because I asked her to run the health care project. *[Laughter]* It is the most complex, the most daunting task in our domestic life. But it is also perhaps the most urgent.

If we cannot give working families the security of knowing they're not going to lose their health care, if we can't give businesses the security of knowing that health care doesn't have to go up at 2 or 3 times the rate of inflation, if we can't provide coverage to the 35 million Americans which don't have it, if we can't face the crises of AIDS and the lack of health care in rural areas and big cities, and if we can't invest in research in those things that we have not come to grips with in health care, what can we do as a country? Every other nation has done a better job of many of these things than we do, and so we must.

They say, well, you should only do one thing at a time. "You can't walk and chew gum at the same time in Washington," that's what they say. But I say we will do one thing

at a time, but we have to honestly put it all out there. If you want to bring the deficit down, you have to do health care. The only purpose of bringing the deficit down is to make the economy healthy. You have to invest in new technologies and give people incentives to create opportunity for others. It is not so simple as to say, well, just think about this and let another idea cross your mind a year or two from now. We have got to be about the business of rebuilding America. And we can do that if we keep our eyes on the whole picture: bring the debt down, invest in our future, deal with the health care crisis. Deal with the special problem of special people in special areas that have been left out and left behind. I believe we can do these things.

I also have to tell you here at this magnificent fund raiser tonight that I am so humbled that so many of you have helped me for so long and asked for nothing in return, and others have done it in spite of the fact that many of the changes that I have advocated are not in your personal, immediate, short-term interest. You ought to be proud of that, because I'm proud of you.

One of the problems that has just killed this country is that all of us have had our blinders on and we've been able to see about 6 inches in front of our eyes. And all of Washington for too long has been dominated by that, 80,000 lobbyists, because of the absence of a compelling national public vision, each picking apart the public interest. Now I think we have to follow through also on our commitment to political reform, to campaign finance reform, to lower the cost of campaigns, reduce the influence of PAC's, and open the airwaves to challengers. It'll also be nicer for you if you could only go to one dinner a year instead of four or five. It's a good thing. We should do it.

I also believe that we have to continue on this whole reform track. We passed a modified line-item veto in the House of Representatives. The Senate ought to pass it and let the President take the heat for controlling unnecessary spending. We ought to continue to work to open up the political process. Hallelujah, the gridlock was broken yesterday and the United States Congress passed the

motor voter bill to open up the political process to young people all across the country.

These are things that can make a difference. We have to begin to think about America in terms of what's in it for all of us together so that we can move forward together. Let me just mention one or two things tonight. A couple of days ago I was in Cleveland, and on the way out of town, I went by a little pierogi place started by a wonderful young woman who wanted to start her own restaurant, couldn't get a bank loan. She came from a big Polish family, so she just took the Cleveland phone book and called hundreds of people with Polish surnames and asked them to invest in her business until she got 80 folks to give her \$3,000 apiece, and she's doing real well now. They're the kind of people that we ought to be fighting for.

When I got to another one of my meetings, I saw a woman who had six children and was supporting these children all by herself, making a handsome salary that she had to give up because one of her children was so desperately ill. The only way she could afford the child's health care was to become eligible for Government assistance, because we don't have a health care system. And she was there in my speech with her beloved child and their \$100,000-a-month medical bills. They're the people who are worth fighting for.

I received a letter yesterday from a wonderful young man and his wife who became friends of mine in New Hampshire and had a desperately ill child who had troubles at birth. And he lost his health insurance and he had to choose between working and not working to get on public assistance, and he struggled on. And the letter says that he just had to file for bankruptcy, but he hasn't given up on himself or his family or his country, and he wants me to keep fighting to make the economy better. That's what this whole effort is all about. There are real people and lives and dramas worthy of the greatest admiration behind so many stories in this room, so many stories in this country.

I ask you for your continued support. I ask you to support the suggestion I made today that we're going to put all this money we're trying to raise into a deficit-reduction

trust and say to the American people, "Every dollar of the tax will go to reduce the debt, and none of the taxes will be raised without the spending cuts." Tell the Congress that we ought to do it, instead of just fooling around with it and talking about it.

But I ask you, finally, to remember that the atmosphere in which we labor, you and I, is still heavily laden with cynicism and skepticism. People have been disappointed on and off for 20 years. I was looking the other night at a little bit of history, an account of the Kennedy administration, reminding me that when President Kennedy was elected, the same sort of time, the same sort of moment, except that over 70 percent of the American people, when he went in, believed that leaders told the truth to the American people and believed they could trust their leaders to do the right thing. We don't have that today. One of the things that those of you who had some personal contact and personal involvement in this administration can do is to help to restore the sense of faith that the American people used to take for granted.

We simply can never succeed—ever—if every step along the way is burdened with people who are denying their own responsibility, waiting for someone to deliver them while making no effort, waiting for someone else to blame, letting the spike that comes out of every conflict overcome the larger vision and purposes that we are about. I am telling you, if we could do one thing tonight that would guarantee the success of everything else we're going to do, would be all of us in our own way to walk out of here and say, let's try to put aside all of our differences and think about how we can lift up the people of this country. Let us, for a few months, suspend all of our cynicism and instead put our faith in the process that took us to the polls last November. Let us try to bring out the best in one another even in the most heated debates in the Congress.

I worry from time to time only about one thing, and that is that the people who have to make these decisions will not feel the energy of the American people desperately saying "Change, have the courage to change, challenge me, bring out the best in me, do not give in to the pressures and the tempta-



tions of the moment, but go forward to a better life.”

I ask all of you, too, to remember that I’m going to get up every day and go to work, and work hard. Some days I work smarter than other days, but every day I’ll work hard. I ask you to remember that one of the great challenges of being President is to try to devote enough time and attention to the job to get the job done and save enough time to stay among the people, selling what you’ve done and listening, and making the proper adjustment when there is something more you need to learn.

I asked so many of you back during the election not to take the election as the end, but the beginning of this enterprise. And so I invite you again to be a part of this great enterprise, with your ideas as well as your spirit. We’ve got 4 years of work to do. We can move this country forward in great ways and in profound ways that will benefit millions, indeed all, of the people of this country. But it’s going to take every last good idea, and every last ounce of will and vision, and every ounce of courage and faith.

You have to be a part of that. I want you to leave here tonight knowing that I still want that just as badly as I did in the election. I did not run for this job to move into the White House, as great an honor as that is. I did not run for this job even to have the enormous privilege of standing on Harry Truman’s balcony and looking at the statue of Thomas Jefferson every night. I ran for it to be faithful to the tradition they established by making your life better, and you have to help me do that.

Thank you and God bless you all.

NOTE: The President spoke at 9:35 p.m. at the Lincoln Center for the Performing Arts. In his remarks he referred to event chairmen Bruce Ratner, Lewis Katz, and Bob Rose; event cochairmen Bob Barrie, Bill Boardman, and Roy Furman, who is also Democratic National Committee finance chairman; event vice-chairmen Paul Montrone, George Norcross, Felix Rohatyn, Ann Sheffer, John Sweeney, and Steve Swid; Democratic National Committee chairman David Wilhelm; Edward Rendell, Mayor of Philadelphia and honorary chairman of the event; and Gov. Jim Florio of New Jersey. A tape was not available for verification of the content of these remarks.

## **Message to the Senate Transmitting the Convention on Taxation With The Netherlands**

*May 12, 1993*

*To the Senate of the United States:*

I transmit herewith for the advice and consent of the Senate to ratification the Convention Between the Government of the United States of America and the Government of the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Washington on December 18, 1992. An Understanding and exchange of notes are enclosed for the information of the Senate. Also transmitted for the information of the Senate is the report of the Department of State with respect to the Convention.

The Convention replaces the existing income tax convention between the United States and the Kingdom of the Netherlands signed at Washington in 1948 and last amended in 1965. It is intended to reduce the distortions (double taxation or excessive taxation) that can arise when two countries tax the same income, thereby enabling U.S. firms to compete on a more equitable basis in the Netherlands and further enhancing the attractiveness of the United States to Dutch investors. In general, the Convention follows the pattern of other recent U.S. income tax treaties and is based on the U.S. and OECD Model treaties and recent income tax conventions of both parties. It will serve to modernize tax relations between the two countries.

I recommend that the Senate give early and favorable consideration to the Convention and give its advice and consent to ratification.

**William J. Clinton**

The White House,  
May 12, 1993.

## **Remarks to Small Business Leaders**

*May 13, 1993*

Thank you very much. Erskine’s only been here a day, and he’s already become one of

us. And you just saw an illustration of Clinton's third law of politics: Whenever possible, always be introduced by someone you've appointed to high office. *[Laughter]*

I want to introduce the people who are here with me: first, starting on my left, Frank Newman, the Under Secretary of the Treasury; and Roger Altman, the Deputy Secretary of the Treasury; Laura Tyson, the Chair of the Council of Economic Advisers. You met Erskine Bowles. And next to Erskine is Andrew Cuomo, the Assistant Secretary of the Department of Housing and Urban Development who, among other things, is responsible for developing and implementing our empowerment zone proposal for cities and small towns and rural areas that are economically distressed and that need more free enterprise.

I'd like to thank all of you for coming, but I'd like to also pay a special word of recognition to the smallest entrepreneurs that are here. These young people are from Theodore Roosevelt Elementary School in Houston, Texas. They are second graders. And shortly after I was inaugurated, in February sometime, they sent me this book. I got your book with all their letters, telling me what I ought to be doing. "How are you going to stop the violence and crime? If you will, completely stop it." See, everybody wrote me a letter and there are pictures. "Can you keep companies from making guns so we won't have crime?" And it goes on and on. But the reason they're here is that they are really the smallest entrepreneurs. They sold 22,000 candy bars to raise the money to come to Washington. So I think they deserve a hand. *[Applause]* Thank you.

I want to thank you for taking your valuable time to come here today so that we could talk about the shape of the small-business initiatives in the economic program, now well on its way to moving through Congress. So many of you are the best representatives of American small business. For instance, Nancy Alchuleta has led the Mevatec Corporation in Huntsville, Alabama, to compete and win in the world marketplace with a new emphasis on high technology. William Gordon, president of Applied Data Technology—is a high-tech company which has grown from 7 employees in 1986 to over 100

today. Paul Sam, president of Holly Metals—has grown from a custom sheet metal company to the fabrication of metal parts for Boeing and a high-tech composite painting facility.

These are the kinds of things that we need more of in America. As I said yesterday in giving out the Small-Business Person of the Year Awards, the United States benefited greatly, particularly in the last 10 to 12 years, from the fact that small business created more jobs than were lost in the large business sector of this economy. It is a little-known fact to most Americans, but in every year of the last dozen, the largest businesses in the country, the Fortune 500, have reduced their employment in the United States by somewhere in the neighborhood of a total of 200,000 jobs. Even as profits increased and productivity increased and stock values increased, the technological advances of productivity led to an actual reduction in the work force, not an increase. For all of the 1980's until the very end of the decade, those reductions were far more than offset by the growing vibrancy of an entrepreneurial economy in America. Indeed, many of the small businesses were contractors and customers and suppliers for the larger businesses in the country.

Then about 3 years ago, the small-business job engine began to slow down. And there are any number of reasons why. There was a domestic recession. There is a global recession. The credit crunch in parts of our country plainly contributed to it. The substantial increase in the cost of adding one more employee in terms of Social Security, workers' comp, health care, and other things has certainly led to the use of more part-time employees or asking the existing work force to do more overtime. And you may pay a little more for overtime, but you save all the supplemental costs of hiring the additional employee.

Although things are perfectly rational choices, but what they have meant for the United States is that we've had quite a stagnant unemployment rate, one that mirrors, I might add, every other advanced country in the world. At 7 percent, our unemployment rate is about the same as Western Germany's and still lower than all of Europe;

higher than Japan, which has, as you know, a very different sort of economic system than we do. But even there they've had trouble now creating new jobs, and many companies there are having some of the first layoffs they've ever had.

I say that to make the following point: Larger companies, just like the Federal Government, will have no choice but to continue to try to improve productivity and use technology to do more with fewer workers, to increase output per worker. One of the things I'm trying to do here that we're writing into the law, this new budget proposal, is to reduce the size of the Federal Government by attrition by at least 100,000 workers, by increasing productivity and restructuring. But that's what the National Government should be doing.

But if these things are going to occur in our larger organizations, then we have to find a way to preserve the vitality of small business and to increase the capacity of small business to add to the American work force. If everybody in this country who wanted a job had one, we wouldn't have half the problems that we wrestle about all day up here every day. And frankly, you and people like you all over America are the best prospect we have for getting that done. That's why we worked as hard as we could to try to create an economic program that would benefit small business.

Our policy first begins with deficit reduction. The deficit reduction package that the Government has put forward and that the House of Representatives is in the process of coming to grips with now clearly has had a major impact in driving interest rates down over the long run. Since November there has been a dramatic reduction in interest rates. Home mortgage is at a 20-year low, many other interest rates at historic lows. The business analysts estimate that if we can keep these rates down for several more months the impact will be about \$100 billion released into this economy, principally through refinancing of home mortgages and business loans and other refinancing as well as the direct benefit of the lower costs of borrowing. That's why I always say the best stimulus program that we can give to this economy just to stimulate growth is to keep these interest,

and to keep driving down and to keep driving the deficit down.

Yesterday, in an attempt to build up a sense of real confidence that the administration means business and that the Congress will mean business if they pass this program, I proposed that we put all the taxes raised and the budget reductions into a deficit reduction trust fund so that, number one, no tax increase without budget cuts; number two, no tax increase for anything but reducing the deficit. And putting that in a trust fund, I think, will hammer home the determination that we have to bring the deficit down and to try to keep the interest rates down.

The second thing I think we have to do is to recognize that there are some initiatives which need to be taken to try to improve the access to capital for small business. One of the first things this administration made an aggressive effort to do was to deal with the credit crunch that I heard about all over America but especially in certain parts of the United States. We're trying to make it easier for small businesses to apply for and to obtain loans when they are appropriate and needed to expand and create new jobs.

In March, I announced this plan to ease the credit crunch by reducing some excessively restrictive regulations imposed in reaction to the savings and loan debacle. Our plans strikes a better balance, I think, so that we can have both safety and credit availability. Banks have more leeway now to make character loans based on the reputation of the borrower. We also have moved to ease the paperwork burdens because it shouldn't be as burdensome to get a \$25,000 loan as it is to get a \$25 million one and it certainly is, in a large measure because of direct Federal rules and regulations.

We have the Treasury and all the financial agencies of the Federal Government working on this. We now have an SBA Director who understands it all too well since before he became SBA Director his job was to help other people start new businesses, which is what he did very successfully.

We also know and we're not naive enough to think that just because we announced the policy in March the practice changed in every community bank and every community in

this country. We know that hasn't happened. And I have made an offer, and I make it again here today, of requesting the small-business community to tell the Small Business Administrator where the plan for easing the credit crunch is working and where it isn't and what we can do to work through that. The Treasury Department can only do so much until it knows where the backlog and the problems are. So we invite your participation to make the policy we announced in March real in your community as soon as can possibly do that.

The second thing that we have done since we've been here is to try to canvas the small-business community about what kind of tax incentive would best serve to help small businesses engage in job creation. Yesterday, the House Ways and Means Subcommittee voted to increase from \$10,000 to \$25,000 the maximum amount of new investments that a small business can deduct as expenses every year. This means that when you invest so that your company can grow, you can immediately write off \$25,000 worth of that investment. If that becomes law, it will be directly because of the input of the small-business community to this administration as well as to the Congress.

When I ran for President in 1992, virtually all the small-business people I met talked to me about how those which were family-owned businesses and commitments of a lifetime would not have much immediate benefit from the capital gains tax, and they asked for some sort of investment credit. That's why I recommended the permanent small-business investment tax credit as compared with a capital gains option. After we got here, the small-business organization said that, as a practical matter, we would get more bang for the buck and it would be easier for more small businesses if we simply just increased the expensing provisions to \$25,000. That change is directly the result of the input of the small-business community in this country. I hope it becomes law, and I hope you will do everything you can to see that it does become law.

Now, there is a capital gains provision left in this bill which I think is very helpful. It provides a big exclusion from capital gains taxation to help small businesses get started

and to invest in completely new projects. That was one put forward by the American Venture Capital Association and sponsored in the previous Congress, among others, by the senior Senator from my State, Dale Bumpers, who's the chairman of the Small Business Committee. I think that should stay in the law; we're working hard to make sure that it does. I think it now has virtually unanimous support.

Finally, we have decided we should try to offer some very special opportunities in a network of empowerment zones and enterprise communities all across America. In the empowerment zones, we're offering small businesses an employment and training credit of 25 percent of the first \$20,000 in wages for employees who live and work in the zones, a targeted jobs tax credit of 40 percent on \$6,000 of the first year of wages for these workers, and an increase in the ability to deduct appreciable property.

All these things are our effort to help communities that are willing to help themselves by developing a long-term strategy to grow through private sector and private-public cooperation. To do that, to attract capital in businesses, I am convinced and I think that you are all convinced that with the size of the deficit we have, there is not enough money in America to have a publicly-funded revitalization of America's most distressed communities.

But wherever in America there are people who are underutilized, there is a market opportunity. Because when people are working up to the fullest of their capacity, then they have money to spend and they create jobs for others. So when I look at all these places in America which for too long have been without businesses on their street corners or in their small towns or in their hamlets, I see enormous opportunity. I see in people whose potential is not fulfilled the opportunity to make free enterprise work again.

We all know there are certain considerable barriers to dealing with that. I'm trying to make some of the high-crime areas much more attractive by simply lowering the crime rate. We know we can do that through community policing. And I've asked the United States Congress to give us some money to put more police on the street in these com-

munities to help make them safer and lower the crime rate. We know that works; there is clear evidence of that. In New York City alone, after the comprehensive community policing program established by the man who is now our drug czar, Lee Brown, for the first time in 36 years the crime rate actually went down in seven major areas. So we know these things can be done.

We know we have responsibilities to make these areas more attractive. But if this empowerment concept can pass, then it will be more attractive for you and people like you all across America to take that extra risk to go into places where there is an enormous prospect of return if a whole lot of people with no income all of a sudden wind up having income and can be customers as well as employees. And I hope all of you will support the empowerment zones.

We've talked and talked and talked about our cities and our drying-up rural communities for years. Democrats and Republicans, they wring their hands every year, and nothing ever happens. I say, let's try this; let's see if it works. Let's see if we can have a public-private partnership that works. If it doesn't work, we'll try something else. But the one thing that we know doesn't work is more words. We've had more words for years. We've had wars of words from people across political and party and regional lines, and that hasn't worked, and that's not ever going to work. So I hope we can try this and see once and for all whether the Government can create an environment which makes it more attractive for free enterprise to flourish in areas where it hasn't.

Finally let me say again, I appreciate the burdens under which you labor. I recognize that some of you, perhaps most of you in this room, would pay higher personal tax rates under the program I have proposed. I hope you will support it anyway because if we do it right, most Americans will save more in long-term lower interest rates than they'll pay in higher taxes. The country will be much better off if we can pass the expensing provisions, the capital gains provisions, the enterprise zone provisions. If we can make our plan to ease the credit crunch work, then small business in the nineties can once again resume its proper role in America

as the true engine of our job growth, and there will be more people like you with rewarding stories to tell.

And perhaps most important of all, when these kids grow up, they'll have a chance to be just as entrepreneurial as they have been in getting themselves here today.

Thank you very much.

NOTE: The President spoke at 10:50 a.m. in Room 450 of the Old Executive Office Building. In his remarks, he referred to Erskine Bowles, Small Business Administrator.

### **Exchange With Reporters Following a Meeting With Small Business Leaders**

*May 13, 1993*

#### **Inflation**

**Q.** Mr. President, could you respond to the inflation numbers out today?

**The President.** Well, you know, I've looked at them over the last couple of years, and I think we have to watch it closely. But there is, at the present time, no cause for long-term concern. I want to watch it, and we will be watching it. But it could be just a blip. There are lots of things that could have produced it. We'll just have to see. We'll wait for a month or so and see what's going on. Unless there's some underlying change in the economy, it's difficult to imagine how we could have a significant upsurge in inflation.

#### **Deficit Reduction Trust Fund**

**Q.** Do you think your deficit reduction trust fund will be able to win support on the Hill despite Domenici and Dole and the other Senators criticizing it as a gimmick?

**The President.** The people that I'm concerned about are the people who were prepared to vote for responsible deficit reduction all along, the moderate to conservative Democrats who are willing to vote for tax increases as long as they know they're going to go to reduce the deficit. Bill Bradley called for the deficit reduction trust fund also, I noted yesterday. And a whole range of House

Members from Charles Schumer to Charles Stenholm did. And I think it will help to—more importantly, I think that in the public mind out there in the country, people will see that it's a double guarantee that the money will go where we say it will go. So I still think it's a very good thing to do.

I didn't expect it to move any of the votes of people who say that they won't vote for a tax increase no matter what. But I must say, the most encouraging thing on that is the interview that David Stockman, who was President Reagan's Budget Director, did in a magazine called the New Politics Quarterly this month where he basically owns up to the fact that the biggest problem with the deficit is that they cut 6 percent of the national income out of the tax base in 1981 in a bidding war. That was twice the size of the tax cut that President Reagan originally intended to offer to stimulate the economy. And he says the impact of that has never been overcome. So all we're going to try to do is redress that with some tough spending cuts. And I think the public mood will be far more supportive.

**Q.** Will you go along with a 35 percent corporate tax rate?

**The President.** If that's what comes out of the Congress. I don't know if the Senate will vote for that. We'll have to see. But the changes made by the House Ways and Means Committee don't reduce the overall contribution from the business sector. They just shift the way it comes. And I think that's okay.

### **Bosnia**

**Q.** Mr. President, do you hold out any hope that the referendum in Bosnia this weekend might result in some sort of face-saving way to get out of this mess?

**The President.** The issue is not face saving. The issue is life saving. Face saving has got nothing to do with it. The issue is whether the Bosnian Serbs are ready to have a serious peace process that will save lives, recognize that all those people have some right and some way to live in the piece of land we now know as Bosnia-Herzegovina, and confine the conflict so that it doesn't spill over and cause much more, much more serious political consequences for everybody.

And that's what I hope. You know, I wouldn't say I ever have given up hope, but I'm skeptical about it. But it might produce something.

NOTE: The exchange began at 11:24 a.m. in Room 450 of the Old Executive Office Building. A tape was not available for verification of the content of this exchange.

### **Remarks to the University of Texas Champion Wheelchair Basketball Team and an Exchange With Reporters**

*May 13, 1993*

**The President.** Ladies and gentlemen, I am honored to be the first President to welcome the national intercollegiate wheelchair champions to the White House. I have to tell you that I am very impressed by this group of fine young men. They've done some amazing things. For the 3d year in a row, the Moving Mavs from the University of Texas of Arlington have brought home a national championship. I hear that they're the pride of UT-Arlington, that their home games are drawing record crowds, and that every time another banner is brought home in Texas Hall the excitement and the enthusiasm of the fans keeps building.

I want to recognize a few of the people who've been instrumental in this team's remarkable success: the driving force behind the Moving Mavs, of course, the coach, Jim Hayes; Ryan Amacher, president of the University of Texas of Arlington; and one of their biggest supporters, my friend Congressman Martin Frost, who just coincidentally happens to represent them. *[Laughter]*

I'm impressed with their winning record and their hard work and determination. I understand that this team really reflects the pioneer spirit of Texas and does not flinch in the face of obstacles. All of them are pioneers not only in wheelchair athletics but in the ongoing struggle in our Nation to obtain equal opportunities on and off the court for all Americans with disabilities, not inabilities.

They display the attributes of strength and determination. They've practiced. They've

worked hard. They've produced a championship team in ways that few people ever know. I commend all of you for your unrelenting pursuit of excellence and for your demonstration about what is true in every sport: that as an individual you may star, but as a team you can be champions.

I believe that when people are empowered and when they work together, when they're given the opportunity to make something of themselves by a real community effort, that's when we all achieve the fullest meaning in our lives. If we're going to be a strong America, we're going to have to do more of what you've done with this team, coach.

I'm proud of all of you. I welcome you to the White House. I know the people back home are proud of you, too.

Thank you very much.

*[At this point, Dr. Amacher, Mr. Hayes, and team member Phung Tran presented gifts to the President, and Congressman Frost expressed his gratitude to the President.]*

**The President.** Thank you. Thank you very much, all of you, and good luck to all of you. You know, things do get busy around here, but if people like you don't come to see us sometimes, we forget why I'm here. It's easy to get too busy and lose connections with the people in the country. You know, tonight all over this country people will see a picture of you here. And you have no idea whether some young person will see your picture here and be inspired and say, "Well, I can do more with my life. I can make more of myself. There is something else I can do." And I don't think you could possibly underestimate the impact that your achievement will have on others. I really want to encourage you. I also want you to know I don't have the upper-body strength to play basketball. Now, don't run off with that. *[Laughter]*

### **Tax Bill**

**Q.** Mr. President, are you satisfied with the way your tax bill came out of the House Ways and Means Committee?

**The President.** Chairman Rostenkowski called me about an hour or so ago, right after the vote, and based on what I know, I'm very satisfied. I'm immensely pleased. All the basic features of the bill remained intact, and many of the changes that were made I think

made it a better bill. So again, I have not had a chance to study all the things that were done today, but based on what I know, I believe it is a very good bill indeed. It still maintains the essential features. The earned income tax credit is there for people making roughly \$29,000 a year or less to basically add fairness to the Tax Code and relieve them of the impact of the energy tax.

The bill is highly progressive, virtually all of the money raised on people with incomes of over \$100,000. The immunization program, the family preservation program is intact. The empowerment zone program was endorsed by the committee, and they added quite a bit of money to it so we could encourage more cities to get involved in trying to bring free enterprise into distressed areas. I think that is a very impressive thing. And I think changing the small business incentive to an expensing rather than an investment tax credit is basically a net plus because more small businesses can access it at less hassle. So I feel very good about it—what I know about the bill. You know, like I said, I haven't—but what I know about it is very encouraging.

**Q.** Why shouldn't the American people regard this as a black letter day with a new tax bill coming their way?

**The President.** Because all this money is going to go to reduce the deficit. Because we've got interest rates at a 20-year low. Because most Americans have refinanced a home or a business loan, they've already saved more money in interest costs than they will pay in higher taxes. And because if we don't do something to cut spending and increase some taxes we're going to bankrupt the country.

We tried it the other way for 12 years. We tried lowering taxes and increasing spending, and we went from a \$1 trillion to a \$4 trillion debt; didn't work out very well. And I think the American people want us finally to step up to the bar and reduce this national deficit and get it down eventually to zero and get some economic growth going.

I also believe until we bring the deficit down we won't have any money to invest in education and training and new technologies. We have to prove to the American people first we've got the discipline to spend their

money properly and to run this Government properly.

I think it's not a black letter day. It's a red letter day for America. We're finally beginning to face our problems in a mature way. And I'm encouraged. And I applaud the House Committee for what they did today.

NOTE: The President spoke at 4:42 p.m. in the Diplomatic Reception Room at the White House. A tape was not available for verification of the content of these remarks.

### **Remarks at the National Law Enforcement Officers Memorial Ceremony**

*May 13, 1993*

Thank you very much. Senator DeConcini, Chairman Floyd, President Young, law enforcement officers, and survivors of our fallen brothers and sister.

America has more than half a million law enforcement officers who serve proudly and bravely. And every day they carry out their sworn duties, risk is a constant companion. No one knows that better than those of you who are here tonight and your families. But I can say that there are very few Americans who owe more to law enforcement officers than do I. I'm proud to be joined here tonight by three people who have a very important role in the protection of the American people and who have an important role in my administration and my life. I'd like to acknowledge them if I might: the Director of the United States Secret Service, whose members put their lives on the line for the President every day, Mr. John McGaw; the Director of the Office of National Drug Policy and formerly the police chief of the cities of Atlanta, Houston, and New York, Mr. Lee Brown; and Senator DeConcini just mentioned the Attorney General, formerly the prosecutor of Dade County, Florida, Ms. Janet Reno, who just came in. She's somewhere here. I like introducing these people.

I'd also like to thank very much the survivors from Arkansas who came here with me tonight, as well as the law enforcement officials, in particular, the two members of the Arkansas State Police, who for a dozen years worked with me and protected me and my

family and stood up to unbelievable pressures from radical fringe groups, from organized rioters, from serious organized criminal efforts, and the day-to-day hazards of law enforcement. I owe them all a great deal, and I'm glad they're here tonight.

More than 13,000 law enforcement officials have fallen in the line of duty. This memorial was dedicated to them a year and a half ago. Tonight we note the names of 328 more who will be newly etched on these marble stones. But our tribute will ring hollow tonight unless we recommit ourselves to do whatever we can to keep the remainder of these stones as smooth as possible, to support the men and women who keep our society more lawful and our lives more secure, to help them as enforcers, and to keep them from becoming victims.

Collectively, we call them our Thin Blue Line. That line is nothing less than our buffer against chaos, against the worst impulses of this society, a shield we may not always think about until it is raised in our own defense. The safety of our citizens in their homes, where they work, where they play, it all depends on that Thin Blue Line. And so it behooves us all to reinforce that line, to make it as strong as we can.

Let us be honest with one another. We know that nothing we do will remove all risk from law enforcement, but we can take steps that will make the profession safer and make ourselves safer as well. We could do that by passing the Brady bill. The American people want it; law enforcement officers have called for it for years. It will save lives, and it would be a tribute to those we honor here tonight.

We can also do that by increasing the number of law enforcement officers on the street. Just a generation ago there were three officers for every serious crime in this country. Today there are three crimes for every officer. It makes police work more dangerous. It makes it more difficult to implement strategies that work like community policing. It makes society less safe. Let us do more to put police officers on the street, and that will be a tribute to those whom we come here to honor tonight.



Last year Federal, State, and law enforcement officers were killed in substantial numbers, but they say that fewer were killed than at any year since the mid-1960's. Still, one is too many. And statistics, the numbers like 120 people being killed in the line of duty by violent means, they belie the real human stories.

In my State, a 74-year-old sheriff's deputy was beaten to death. That's more than an assault on a law enforcement officer; it's an affront to our common humanity. That officer, R.D. Purifoy, was from a little county next to the one where I was born in Arkansas. He was so dedicated that any time, day or night, for 26 years, he was always there to answer the call. And on the day he died last November, he was simply trying to settle a domestic quarrel.

Then there was Jerry Stallings, a police officer from Barling, Arkansas, in the western part of my State, whose family is here tonight. He was investigating an auto accident when he was struck by a drunk driver. It should have been a routine investigation, but as every law enforcement officer knows, there's no such thing as a routine investigation.

Tonight we honor these men and their families. We honor all those who have fallen throughout our Nation as they carried out their duties to make our lives better and safer: from the officers on the beat and the street, to the patrols on the highways, to the Federal agents in all fields. Tonight we light the darkness with the memories and glories of those who died in the service of their neighbors, their communities, and our Nation. Their brave souls are among us; they are carried brightly in our hearts in gratitude, in joy, in sorrow, yes, but also in the certainty that God looks after those who give such a full measure of their devotion.

We honor these valiant men and women not for dying, because death comes to us all eventually. We honor them for how they died and how they lived. In life they gave us aid when we were helpless, shielded us when we were vulnerable, lifted us when we had fallen, gave us comfort when we were afraid. In rooting out our lawless, they preserved our order. They were our fathers and sons, our

brothers and sisters, our mothers and daughters. They were our friends.

Their contribution cannot be measured nor properly honored by their President or any other citizen except to say a simple thank you and to give a prayer to God for their souls. They will be remembered as all of you knew them, standing tall and ready, the sentinels of our liberty. Let us live in ways that will honor their ultimate contribution to our lives.

Thank you, and God bless you all.

NOTE: The President spoke at 8:40 p.m. at the National Law Enforcement Memorial. In his remarks, he referred to Craig Floyd, chairman, National Law Enforcement Officers Memorial Fund, and Kathleen A. Young, president, Concerns of Police Survivors. A tape was not available for verification of the content of these remarks.

### **Nomination for Posts at the Departments of HUD, Transportation, and State** *May 13, 1993*

The President announced his intention today to nominate G. Edward DeSeve and Nelson Diaz to be Chief Financial Officer and General Counsel, respectively, of the Department of Housing and Urban Development, David Hinson to be Administrator of the Federal Aviation Administration, and Peter Galbraith to be Ambassador to Croatia.

"We are continuing to make real progress in filling key positions in my administration," said the President. "This group of individuals whose appointments we are announcing today have the kind of experience and expertise that our country needs."

NOTE: Biographies of the nominees were made available by the Office of the Press Secretary.

### **Remarks Honoring Blue Ribbon Schools** *May 14, 1993*

Thank you very much. Thank you, Secretary Riley. Thank you, ladies and gentlemen.

I want to welcome you all to the White House today on this gorgeous day. I hope you've enjoyed yourselves. The Marine Band has been in especially fine form this morning. I woke up to them; I went jogging to them. I almost felt like a President this morning for sure when I was walking over to the Oval Office. They were playing a march that was written for the coronation of a British monarch, so I almost got myself confused. [Laughter]

There are 228 schools here represented today, the winners of the Blue Ribbon Awards this year. And all of you are winners, representing what is best in American education in public and private schools and urban and suburban and rural schools. You all share some common features with all your differences: visionary leadership, a sense of shared purpose, a climate conducive to learning, impressive academic achievement brought on not only by gifted teachers but also by responsible and open student behavior, and real involvement of parents and often the broader community in the life of the school.

I spent a lot of time thinking about these educational issues over the last 12 or so years. I spent more of my time as a Governor on education than on any other single issue except for the economy of my State. I spent hundreds of hours, I suppose, in schools in my State and around the country over the last 12 to 15 years and some time in one of the schools from Arkansas that's being honored today.

A hundred years ago the key to a strong economy was our raw material base. Fifty years ago it was mass production. Now it is clearly the trained human mind. We live in a world where the average person will change work seven or eight times in a lifetime, when the volume of knowledge is doubling every few years. When people in Silicon Valley making new computers and new computer programs tell me their average product life is now down to 18 months, clearly the reasoning, creative, facile but also deep mind is key to the future of the United States. We also live in a time when hardly anybody can get and keep a decent job without more education that too many of our people lack today.

If we could multiply the grade schools here represented on this lawn all across the country, we could really revolutionize education in America. I must tell you that the most challenging—[applause]—give yourselves a hand. That's a good idea. The most challenging thing I ever faced as Governor and the most continually frustrating was going into our schools and realizing that virtually every challenge in American education has been met successfully by somebody somewhere.

There are people succeeding against all the odds and producing magnificent results in extremely difficult circumstances. There are schools producing world-class results by any rigorous measure. The problem with American education is that we have never found an effective way to help replicate success, partly because the magic of education is always what happens in the individual classroom between the teacher and the student, supported by the parents, strengthened by the culture of a school that is set overwhelmingly by a gifted principal. I know that.

But there have to be ways to recognize the plain fact that notwithstanding the funding problems, notwithstanding the inequalities, notwithstanding all the problems of American education, you can find virtually every problem in our country solved by somebody somewhere in an astonishingly effective fashion if you look at enough schools. So the challenge for us here is to figure out how to replicate that. That is what Secretary Riley and I are trying to do with the "Educate America Act," the Goals 2000 act that we presented to the United States Congress, a bill we believe will lead to the creation of world-class learning standards and also help to promote the idea that, clearly, all reforms must occur school by school.

Goals 2000 will, in effect, enshrine the national education goals in the law of the land, raise expectations for all students, and help to enrich the content of our courses, the training of our teachers, and the quality of our textbooks and our technology. Finally, the bill will challenge our schools to show real results. We believe students and schools should have more flexibility in dealing with Federal programs and should be shooting toward real results and clear standards. Goals

2000 is the framework for that educational effort in this administration. It will facilitate fundamental reforms in our schools, and I must say that's probably why some people don't like it all that well, including some members of my own party in the Congress.

But we can't raise standards and achievement either by leaving things the way they are or simply by piling on more particular governmental programs and mandates from Washington. After all, we're only providing about 7 percent of the total financing of public schools today, and while I hope to reverse that trend and over the next 5 years get the percentage back up to somewhere to where it was over the last several years, still the lion's share of the financing and the lion's share of the learning reforms must come from you and people like you. And that means we have to have a different approach in the way the National Government relates to our schools. I hope that the Congress will not dilute the package that I sent to them. I hope we can pass the bill in a way that will represent a real change in the way the National Government relates to the schools and a real increase in confidence in proven local leaders.

I'd also like to say that the private sector in this country has shown an astonishing willingness to become more involved in education ever since the issuance of the "Nation at Risk" report 10 years ago. The New American Schools Development Corporation, on which Governor Baliles serves on the board and which Governor Riley and now Secretary Riley mentioned, has already raised millions of dollars from public spirited business leaders. It has path-breaking design teams which are providing us with valuable lessons about how school innovations all around America can help us to reach world-class standards. And it is trying to help to replicate what works, which I still believe is our most urgent task.

Through these new designs they will be able to provide promising alternatives for schools and States as they work to reinvent their schools with the help of Goals 2000 and other reform efforts that this administration will make. I ask all of you to support this legislation and the work of the New American Schools Corporation. I ask you to sup-

port it in the larger context of what we must do as a nation.

Think of what has happened to bring us to this point where we have come to 17 months in a row with unemployment rate at 7 percent or higher in every month, even though we are allegedly in an economic recovery. What has happened to bring us to a point where most American families are spending more hours on the job than they were 20 years ago with lower real incomes than they made 10 years ago, including some of the families represented in this audience? What has caused that? Our lack of ability to be continuously productive, our lack of ability to create more and more new jobs that will stand the test of the rigorous global economy. What we have to do in our administration and what I earnestly ask for your support in doing is to reverse the trends that have brought us to this past.

Let us first of all bring down the Government deficit that has gotten our debt from \$1 trillion to \$4 trillion in the last 12 years simply by telling people at election time what they wanted to hear: I'll cut your taxes and write you a check. All the arithmetic teachers in this audience could have figured out that sooner or later that would get us in trouble. Nobody could have passed math in this town in any of your schools in the last 12 years who with a straight face said, "I've got you a deal. I'll cut your taxes, and I'll send you a check."

So it fell to me to try to change that ratio. And the House of Representatives Committee on Ways and Means yesterday reported out a bill which does a lot of that. It restores both spending cuts and tax increases to a proper balance. It will bring the deficit down by \$500 billion over the next 5 years. It will provide important new incentives for small businesses and for larger businesses to continue to invest, to create jobs in our country. It provides a real tax break for working families with children with incomes of under \$29,000 to offset the impact of the energy tax and reward work so there will never be an incentive for people with families not to work. Because if this tax bill passes, for the first time in our country's history, because of the changes in the Tax Code, we'll be able to say that if you work 40 hours a week and

you've got a child in the house, you will not live in poverty. These are important things. And over 70 percent of the money comes from people with incomes above \$100,000.

The budget package also over the next 5 years will increase our commitment to Head Start, to apprenticeship training, with partnerships with our schools and our post-high school programs, and opens the doors of college education to everyone through a radical reform in the student loan program and national service. It focuses on, in other words, increasing investment, bringing down the deficit, and bringing us together as a country again. This Goals 2000 legislation is an important part of that. It is our effort to do our job here as well as you do your job back home. If we did our job here as well as you've done yours, then America could celebrate and give itself a blue ribbon in just a few years.

Thank you very much, and God bless you all.

NOTE: The President spoke at 9:51 a.m. on the South Lawn at the White House.

## **The President's News Conference**

*May 14, 1993*

**The President.** Good afternoon, ladies and gentlemen. I'm glad the weather permitted us to do this outside.

Three months ago, I presented a plan to our country and to the Congress designed to address what I believe were the significant challenges of this time. For more than 40 years, our country was organized to stand up against communism, to try to help develop the free world, and for most of that time we took our economic prosperity for granted. It is now clear that, at the end of the cold war, we must organize ourselves around the obligation we have to be more competitive in the global economy and to enable our people to live up to their full potential.

That means we have to do a lot of things to turn this economy around, beginning with a serious effort to reduce our national debt, to invest in jobs and new technologies, to restore fairness to our tax code, and to make our political system work again.

This week I was able to go back again to the American people to take my case into the country, into Cleveland and Chicago and New York. And here in Washington there were new efforts to break the gridlock and to put the national interests above narrow interests. The results were particularly impressive in the work done by the House Ways and Means Committee, achieving over \$250 billion in deficit reduction through spending cuts with \$2 in spending cuts for each dollar in new investment, in new jobs, in education. The program provides significantly everything that I presented to the Congress, even though there were some changes. In fact, some of the changes I think made the bill better.

Let me reiterate them: number one, significant deficit reduction; number two, taking on entitlements issues that have for too long been left on the table; number three, real investments for small businesses and for big businesses, incentives to get people to invest money in this economy to create jobs; and perhaps most importantly, a break for working-class families, a huge increase in the earned income tax credit for people with incomes under \$30,000 to relieve them of the impact of the energy tax and to say for the first time, people who work 40 hours a week with children in the home would be lifted above poverty; and finally, of course, the plan was very progressive, 75 percent of the revenues coming from the top 6 percent of the American taxpayers.

I also reiterated that I don't want a penny in taxes without the spending cuts. And I proposed in New York that we create a deficit reduction trust fund into which all the taxes and all the budget cuts could be put and kept for the 5-year life of this budget. This is a very important thing. I realize some have said it is little more than a gimmick, but the truth is there is no legal protection now for the life of the budget for these funds. This will provide it in stone, in law.

In every element of this, there has been some willingness on the part of those who have supported our efforts to take on powerful vested interest in behalf of the national interest, whether it is in repealing the lobby

deduction or in going for a direct loan program for college loans that will save \$4 billion but which will remove a Government-guaranteed income from several interests who like the system as it is now.

The Congress also moved this week to reinvigorate our democratic process by ending the filibuster and passing the motor voter bill. These are the kinds of changes that the American people expect of us. They do not expect miracles, but they expect solid, steady progress, and I am determined to stay on this course.

It has been a good week, and if we're willing to take more tough decisions, there will be more good weeks for the American people ahead.

### **Bosnia**

**Q.** Mr. President, you've said that the United States will not go it alone with military action in Bosnia. And yet, the European allies have refused to sign-on to your proposals. If the allies refuse to follow suit, where does that leave the United States?

**The President.** Let me reiterate what I have said because I think that the United States has taken the right position, and I think that we've gotten some good results. I have said, and I will reiterate, I think that the United States must act with our allies, especially because Bosnia is in the heart of Europe, and the Europeans are there. We must work together through the United Nations.

Secondly, I do not believe the United States has any business sending troops there to get involved in a conflict in behalf of one of the sides. I believe that we should continue to turn up the pressure. And as you know, I have taken the position that the best way to do that would be to lift the arms embargo with a standby authority of air power in the event that the present situation was interrupted by the unfair use of artillery by the Bosnian Serbs. That position is still on the table. It has not been rejected out of hand. Indeed, some of our European allies have agreed with it, and others are not prepared to go that far yet.

But we have to keep the pressure up. And I would just remind you that since we said we would become involved in the Vance-

Owen peace process, two of the three parties have signed on. We've gotten enforcement of the no-fly zone through the United Nations. We've been able to airlift more humanitarian supplies there, and we've been able to keep up a very, very tough embargo on Serbia which I think led directly, that and the pressure of further action, to the statement that Mr. Milosevic made to the effect that he would stop supporting the Bosnian Serbs.

Where we go from here is to keep pushing in the right direction. As we speak here, the United Nations is considering a resolution which would enable us to place United Nations forces along the border between Serbia and Bosnia to try to test and reinforce the resolve of the Milosevic government to cut off supplies to the Bosnian Serbs. If that resolution passes, and in its particulars it makes good sense, that is a very good next step. We're just going to keep working and pushing in this direction. And I think we'll begin to get more and more results.

**Q.** Are you contemplating sending U.S. forces to Macedonia and perhaps to protect safe havens in Bosnia?

**The President.** On the question of Macedonia, the Defense Department has that and many other options under review for what the United Nations, what the allies could do to make sure that we confine this conflict, to keep it from spreading. I've not received a recommendation from them and, therefore, I've made no decision.

Helen [Helen Thomas, United Press International]?

**Q.** Mr. President, there is a wide spread perception that you're waffling, that you can't make up your mind. One day you're saying, "In a few days we'll have a decision. We have a common approach." The next day you're saying, "We're still looking for a consensus." Will American troops be in this border patrol that the U.N. is voting on and, you know, where are we?

**The President.** Well, first of all, I have made up my mind, and I've told you what my position was. And I've made it as clear as I can. But I also believe it is imperative that we work with our allies on this. The United States is not in a position to move

unilaterally, nor should we. So that is the answer to your question.

The resolution being considered by the United Nations I think contemplates that the UNPROFOR forces would be moved and expanded and moved to the border. At this time there has been no suggestion that we would be asked to be part of those forces.

Susan [Susan Spencer, CBS News]?

### **Gays in the Military**

**Q.** A domestic question. Could you tell us how were you affected by the testimony of Colonel Fred Peck, whose son is a homosexual, who said that, nonetheless, he could not in good conscience support lifting the ban?

**The President.** I thought all the testimony given in that hearing—I saw quite a lot of it from more than one panel—was quite moving and straightforward. I still think the test ought to be conduct.

**Q.** Do you think that—does this allow for the possibility of the “Don’t ask. Don’t tell”—the compromise that would allow—

**The President.** You know what my position is. I have nothing else to say about it.

### **Bosnia**

**Q.** Mr. President, you said last week that if you went to air power in Bosnia you would have a clear strategy and it would have a beginning, middle, and end. What happens, though, sir, if a plane is shot down, if you lose a pilot or a couple of pilots, or if the Bosnian Serbs decide to escalate the conflict, or the Serbians by going into, say, Kosovo?

**The President.** Well, the Bush administration before I became President issued a clear warning to the Serbs that if they try to occupy Kosovo and repress the Albanians there, that the United States would be prepared to take some strong action. And I have reaffirmed that position. As a general proposition, you can never commit American forces to any endeavor on the assumption that there will be no losses. That is just simply not possible, and as the Pentagon will tell you, we lose forces even now in peace time simply in the rigorous training that our Armed Forces must undertake.

### **Gays in the Military**

**Q.** In the debate on homosexuals in the military, you use the word “conduct” as though it were an absolute and easily definable term. Do you believe, one, that homosexuals should be celibate, as Schwarzkopf suggested, or could they engage in homosexual activity, consenting, on or off base; or two, should the uniform code be allowed to have any sort of difference between its treatment of homosexuals and heterosexuals?

**The President.** I support the present code of conduct, and I am waiting for the Pentagon to give me its recommendations.

Brit [Brit Hume, ABC News]?

### **Lani Guinier**

**Q.** Your nominee to head the Justice Department’s Civil Rights Division has expressed what many regard as rather striking views about voting rights and a number of other areas, including expressing some misgivings about the principle of one man, one vote. And I wonder if you are familiar with all these views and if you support them, and if you do not, why you chose her?

**The President.** I nominated her because there had never been a full-time practicing civil rights lawyer with a career in civil rights law heading the Civil Rights Division. I expect the policy to be made on civil rights laws by the United States Congress, and I expect the Justice Department to carry out that policy. Insofar as there is discretion in the policy, that discretionary authority should reside either in the President or the Attorney General in terms of what policies the country will follow. I still think she’s a very well-qualified civil rights lawyer, and I hope she will be confirmed. And I think she has every intention of following the law of the land as Congress writes it.

Carl [Carl Leubsdorf, Dallas Morning News]?

**Q.** Were you familiar with them when you—

### **Texas Senatorial Election**

**Q.** Mr. President, as you know, there is a lot of concern in the Democratic Party and in the White House about the upcoming Senate election in Texas. And one of your top political advisers, Paul Begala, is becoming

more involved down there. Do you see any expanded role for yourself? Is there anything you can do, or are you all pretty much resigned to losing this seat?

**The President.** Well, first of all, I'm not resigned to losing it. I think Bob Krueger can still win the race. But it depends on, as with all cases, it depends on how he frames the issues, how his opponent frames the issues, and what happens there. I think he's a good man, and I think he's capable of doing a good job. And I think he could still win the race. But that's up for the people of Texas. You know, in the primary, one of the big problems was 25 percent of the Republicans turned out and only 15 percent of the Democrats did. I don't know what's going to happen there. But I certainly support him, and I hope he will prevail. I think it would be good for the people of Texas and the Congress if he did.

**Q.** Do you expect to do any more for him and possibly go down there?

**The President.** No one's discussed that with me. You know, I don't know. I've always been skeptical about the question of whether any of us could have any impact on anyone else's race. I've never seen it happen up or down in my own State in Arkansas. There may be some ways we can help with fundraising and things of that kind, but all the time I ran at home I never let anybody come in to help me, whatever the national politics were.

### **Inflation**

**Q.** Mr. President, what would you say or what do you say to Federal Reserve officials who are arguing for a slight rise in short-term interest rates because they're concerned about resurging inflation?

**The President.** I would say that the month before last we have virtually no inflation, and you can't run the country on a month-to-month basis. You've got to look at some longer trends. There are some clear underlying reasons for this last inflationary bulge which don't necessarily portend long-term inflation. I think it's a cause of concern. We ought to look at it, but we ought to wait until we have some more evidence before we raise interest rates in an economy where industrial capacity is only at 80 percent.

If you look at all the underlying long-term things, long-term trends in energy prices, industrial capacity, the kinds of things that really shape an economy, there is no reason at this time to believe that there could be any cause for a resurgence in inflation.

**Q.** Sir, the argument is made at the Federal Reserve that higher taxes, higher burdens on business through health care fees, or other things like that will indeed raise inflation while the economy stays weak.

**The President.** Just a few weeks ago some people were arguing that all this would be deflationary and would repress the recovery. So I guess you can find an expert to argue any opinion, but there is no evidence of that. The prevailing opinion at the Fed and the prevailing opinion in the economic community has been that the most important thing we can do is to bring down long-term interest rates by bringing down the deficit. You can't have it both ways. You're either going to bring down the deficit, or we're not. And everything in life requires some rigorous effort if you're going to have fundamental change.

### **Trade**

**Q.** I wonder if you ever stop to think that this month we are celebrating two events, Small Business Week and World Trade Week. I wonder do you understand what the importance of the world trade in this week is in the minority and small-business people can contribute to support their services and product to the world and mainly to those countries of the former Soviet Union? How do you respond?

**The President.** How do I want small business to contribute? Well, first of all, an enormous amount of our economic growth in the last 3 years has come out of growth in trade. And one of the problems we're having with our own recovery is that economic growth is virtually nonexistent in Asia and in Europe, at least in Japan and in Europe, not in the rest of Asia. China is growing rapidly.

One of the things that we can do to increase exports is to organize ourselves better in the small business community. The Germans, for example, have enormously greater success than do we in getting small and medium sized businesses into export markets. And one of the charges of my whole trade

team is to organize the United States so that we can do that. That's one of the things the Commerce Secretary is working on.

### **Ireland**

**Q.** Mr. President, you're going to be meeting with the President of Ireland in a little while. And as a—

**The President.** I'm looking forward to it.

**Q.** —as a candidate, you made several promises in regard to Ireland. One of them was to send an envoy, a special peace envoy, and another was that you would not restrict Jerry Adams' admittance into this country. He's the leader of Sinn Fein, and his visa was denied last week. And you promised that as President he would be admitted.

**The President.** I think you ought to go back and read my full statement that I made in New York about the Adams case. I'll answer that in a minute.

But let me—first on the peace envoy, I talked to the Prime Minister of Ireland, and I will discuss with the President of Ireland what she thinks the United States can do. I am more than willing to do anything that I can that will be a constructive step in helping to resolve the crisis in Northern Ireland.

**Q.** [*Inaudible*—whether an envoy is necessary because—

**The President.** I don't believe the President of the United States should be unaffected by what the Prime Minister or the President of Ireland believe about what is best for Ireland. I don't believe that. I think I should ask them what they believe. I'm not sure I know better than she does about that. And I should listen and should take it into account. I am prepared to do whatever I can to contribute to a resolution of this issue.

On the Jerry Adams question, I said at that time because he was a member of Parliament, if I were President I would review that. I thought that if there were no overwhelming evidence that he was connected to terrorists, if he was a duly-elected member of Parliament in a democratic country, we should have real cause before denying him a visa. I asked that his case be reviewed by the State Department and others. And everybody that reviewed it recommended that his visa not be granted and pointed out that he was no longer a member of Parliament.

Wolf [Wolf Blitzer, Cable News Network]?

### **Polls**

**Q.** Mr. President, in your opening statement, you said this has been a good week for you. But the latest CNN/USA Today/Gallup poll, as you probably saw, shows a 10 percent decline in your job approval rating since the end of April, from 55 to 45 percent. Why do you think that is happening, and is it your fault and what can be done?

**The President.** Well, for one thing, I'm trying to do hard things. And I can't do hard things and conduct an ongoing campaign at the same time. You know, I'm doing things that are hard, that are controversial. And anybody who doesn't want to assume responsibility can stand on the sidelines and criticize them. I never expected that I could actually do anything about the deficit without having some hits. I never expected that I could take on some of these interests that I've taken on without being attacked. And whenever you try to change things, there are always people there ready to point out the pain of change without the promise of it. That's just all part of it.

If I worried about the poll ratings I'd never get anything done here. The only thing I'd remind you is for 12 years we've seen politicians and the Congress and the executive branch worry about their poll ratings every month and then at the end of every 4 years things are a lot worse. If things are better at the end of the period that I was given to serve, then the poll ratings now won't make any difference. And if they're not, they won't make any difference. So my job is to do my job, and let the chips fall where they may.

### **Bosnia**

**Q.** There seems to be a Catch 22 emerging on Bosnia. One would be, you have consistently said that you want to have a consensus with the U.S. allies. But until that consensus is formed, you found it seems very difficult to explain to the American people precisely how that war should be defined: Is it a civil war? Is it a war of aggression? And also not necessarily what the next step should be, but what are the principles, the overriding principles that should guide you as a policy?



What can you tell the American people right now about that?

**The President.** First, that is both a civil war and a war of aggression, because Bosnia was created as a separate legal entity. It is both a civil war where elements of people who live within that territory are fighting against one another. And there has been aggression from without, somewhat from the Croats and from the Serbs, principally from the Serbs—that the inevitable but unintended impact of the arms embargo has been to put the United Nations in the position of ratifying an enormous superiority of arms for the Bosnian Serbs that they got from Serbia, and that our interest is in seeing, in my view at least, that the United Nations does not foreordain the outcome of a civil war. That's why I've always been in favor of some kind of lifting of the arms embargo, that we contain the conflict, and that we do everything we can to move to an end of it and to move to an end of ethnic cleansing.

Those are our interests there, and those are the ones I'm trying to pursue. But we should not introduce American ground forces into the conflict in behalf of one of the belligerents, and we must move with our allies. It is a very difficult issue. I realize in a world where we all crave for certainty about everything, it's tough to deal with, but it's a difficult issue.

Andrea [Andrea Mitchell, NBC News]?

**Q.** Mr. President, on the subject of the arms embargo, do you believe that the fighting between the Croats and the Moslems has validated the European objections to your proposal to lift the arms embargo, showing just how complicated it is and how easily those weapons can get into other hands? And, secondly, do you think that you should try to level the playing field by using air strikes alone if your hands are tied on the arms embargo?

**The President.** I believe that the troubles between the Croats and the Moslems complicate things, but at least the leaders have agreed on an end to the conflict. On the other issue, I think that the best use of air power is the one that I have outlined, and I don't favor another option at this time.

## Norway

**Q.** The Prime Minister of Norway today announced that Norway is going to resume commercial hunt of the minke whale. How do you react to that? And is the United States going to take any punitive actions against Norway?

**The President.** It's the first I've heard of it. I'll have to give you a later answer.

## White House Staff

**Q.** One of the charges leveled by critics of you in Arkansas and now at the beginning of your term as President is that you've surrounded yourself with too many young people and put them in too many senior positions. How do you respond to that criticism?

**The President.** Like Lloyd Bentsen and Warren Christopher? I mean, who are you referring to? Mr. McLarty, Mr. Rubin, Ms. Rasco, and Mr. Lake, to name four, and I are all, I think, older than our counterparts were when President Kennedy was President. There are a lot of young people who work here, but most of the people in decisionmaking positions are not particularly young. And I am amazed sometimes—you think I ought to let some of them go?

I realize that there is this image that the administration is quite young. I think we have one of the most seasoned and diverse Cabinets that anybody's put together in a long time. And we have a lot of people who aren't so young working in the White House. I don't know how to answer your question about it.

## Health Care

**Q.** Mr. President, what will you do to ensure that health care will be accessible geographically to people in inner cities and rural areas, so that cross-town and cross-county travel will not become a barrier to health care?

**The President.** Well, I haven't received the report, as you know, of the Health Care Task Force yet, but let me say that one of the markers I laid down for them when they began their work was that we didn't need just simply to provide coverage for Americans, but there had to be access in rural areas and in inner city areas, especially. And they are exploring any number of ways to do that.

I spent one afternoon here on a hearing on rural health care, talking about how we could bring health care to people in rural areas and make it economical and available. And I have spent an enormous amount of time in the last 16 months in urban health care settings trying to discover which model—I've done that myself—trying to determine which models can be replicated in other inner city areas. From my experience at home I knew more about rural areas. But the bottom line is you've got to have more clinics in the rural areas and in the inner cities that are accessible and where there is an ethnic diversity, where they are accessible not only physically but in terms of language and culture. And these things can be done. And if you do it right, if they're really comprehensive primary and preventive health care centers, they lower the cost of health care because they keep more people out of the emergency rooms.

### **Bosnia**

**Q.** Mr. President, the Serbian government has indicated it is going to stop sending arms to the Bosnian Serbs. If they hold true to that, does that then preclude the option of rearming the Bosnian Moslems?

**The President.** Well, I have two responses. First, I hope the United Nations resolution will succeed so that we can put some U.N. people on the border to determine whether that, in fact, is occurring. Secondly, whether that precludes the rearming option depends really on how many arms have been stashed already in Bosnia, particularly the heavy weapons, the heavy artillery. I think that is the issue. And that's a fact question which we'll have to try to determine.

### **Latin America**

**Q.** Many people wonder, Mr. President, what your policy in Latin America is going to be. Your economic team just told us that you want to spend more money in police here in the United States. The past administration spent almost \$3 billion in Peru, Bolivia, and Colombia. What is your vision, and how are you going to change that policy?

**The President.** I think we should continue to support those programs. I can't say that they would be immune from the budget cutting process that has affected almost all of

our domestic programs here. We've had such a big deficit, we've got to cut across-the-board. But I believe that those programs have served a useful purpose. I think especially where we have governments with leaders who are willing to put their lives on the line to stop or slow down the drug trade, we ought to be supporting them, and I expect to do that.

David [David Lauter, Los Angeles Times]?

### **Domestic Priorities**

**Q.** You've been talking a lot recently about deficit reduction, the deficit reduction trust fund. You're talking now about having to stretch out your investment programs, postpone some of the things. What do you say to people in urban areas, some of the liberal Congressmen on the Hill who say, "Wait a minute. We're the ones who elected this guy, and now the programs that have been starved for 12 years that we need aren't going to be able to get money?" What sort of political position does that put you in with your core supporters?

**The President.** Well, I ask them, first of all, to look at the 5 year budget. The enormous squeeze on domestic spending including investment spending began 12 years ago. I can't turn it around overnight. I asked them to look at the 5 year budget and look at it in light of the fact that the deficit numbers were revised upward after the election by \$50 billion a year in 3 of the next 4 years. And I ask them also to consider this: Until we can prove that we have the discipline to control our budget, I don't think we'll have the elbow room necessary to have the kind of targeted investments we need.

I think the more we do budget control, the more we'll be free to then be very sharply discriminating in investing in those things which actually do create jobs. I don't think we have any other option at this time.

### **Process of Change**

**Q.** Mr. President, in your New York speech this past week at Cooper Union, you spoke of a crisis of belief and hope. And earlier Mrs. Clinton in a speech talked about a crisis of meaning. How do you see these crises manifesting themselves? What are the causes of them? And how severe do you see this?

**The President.** Well, I think they manifested themselves in people's honest feelings that things are not going very well in this country and that they haven't gone very well in a long time and the alienation people feel from the political process and in the alienation they often feel from one another in the same neighborhoods and communities. There are real objective reasons for a lot of these problems. After all, for most people the work week is lengthening, and incomes are declining. The job growth of the country has been very weak. The crime rate is high, and there's a sense of real alienation there. And I don't think we can speak to them just with programs. I think that, in our different ways, that's what both Hillary and I were trying to say.

The thing I was trying to say to the American people at the Cooper Union that I want to reiterate today is that you can never change if you have no belief in the potential of your country, your community, or yourself, and that the easy path is cynicism. The easy path is to throw rocks. The better path is doing the hard work of change.

The thing I liked about what happened in the Ways and Means Committee this week is—not that I agree with every last change they made in the bill, although some of them actually made the bill better, all the fundamental principles were left intact—but we actually did something to move the ball forward, to deal with the deficit, to deal with the investment needs, to deal with—to go back to the other question that Mr. Lauter asked—to deal with the need to get more real investment in the inner cities and the rural areas of the country. We are doing things.

And what I tried to do all throughout the campaign in talking about hope, in talking about belief, in trying to go back to the grass-roots was to say to people, the process of change may be uneven and difficult and always controversial, but it has to be buttressed by an underlying belief that things can be made better.

When the election returns in November—that I was not fully responsible for, there were two other candidates in that race—which showed a big increase in voter turnout, especially among young people, that meant

to me that we were beginning to see the seeds of a change in attitude. As I said at the Cooper Union, when President Kennedy occupied that office, nearly three-quarters of the American people believed that their leaders would tell them the truth and that their institutions worked and that their problems could be solved. So there was a lot more elbow room there. You know, a year or 2 years could go by, people could be working on something with maybe only slightly measurable progress, but the country felt it was moving forward. That is what we have to restore today, a sense that it can be done. And it cannot be done by the President alone, but the President has to keep saying that, that faith is a big part of this.

**Q.** And the causes of these crises as you perceive them?

**The President.** I think the causes of them are the persistent enduring problems unanswered, unresponded to, and the absence of a feeling that there is a overall philosophy and a coherent way of dealing with them.

### **Tax Package**

**Q.** Though your tax package has made it through the House Ways and Means Committee, every Republican voted against it. If that happens again in the Senate you could be facing yet another roadblock. How have you changed your legislative strategy to see that you win over a few Republican votes this time?

**The President.** Well, the budget cannot be filibustered. So in a literal sense, you know, we could pass it without any Republican votes. What I hope is that to show that by a combination of budget cuts and tax increases and the things that have been done to make this program even more attractive. We've got a lot of business people for this program now, a lot of them—that we ought to get some Republican support. But that's a political decision that a lot of those folks are going to make.

I can tell you that one member of the Ways and Means Committee told me yesterday that a Republican member said to him as they were dealing with this, said, "Boy, there's a lot of wonderful stuff in this bill. I didn't know all this stuff was in this bill. This is wonderful." He said, "Well, why don't

you vote for it?" He said, "No, we've got to be against taxes." They're going to have to decide what they're going to do about that.

#### **NAFTA**

**Q.** You talk about being competitive in the world and that, I hope you agree, that involves NAFTA. What would be the priorities of a new ambassador to Mexico, and what is the latest in NAFTA? Do you support tougher sanctions in trade for those that violate the treaty?

**The President.** I believe the treaty has to have some enforcement provisions. I have not read the last language, but it is my understanding that what the negotiators are working toward is some sort of sanctions for repeated and persistent violations of agreements that the countries involved in NAFTA make. I don't think any of us should make agreements and expect there to be no consequences to their repeated and persistent violation. But I want to say again, I believe that increased trade with Mexico and NAFTA are in the interest of the United States.

The Salinas government, through the unilateral reduction of their own tariffs, has helped to take the United States—and through policies that promoted economic growth, beginning with getting control of their deficit—has taken the United States from a \$6-billion trade deficit with Mexico to a \$5-billion trade surplus. Mexico just surpassed Japan as our second biggest trading customer for manufactured products. So I think that it's very much in our interest to pass NAFTA, and I hope I'll be able to persuade the Congress to do it when we conclude the agreement.

**Q.** Would that be a priority of a new ambassador to Mexico?

**The President.** Absolutely, sure.  
Go ahead.

#### **Webster Hubbell**

**Q.** Okay. I'd like to go back to your Justice Department for just a second, Mr. President. Since during the campaign you said it was a mistake and, in fact, apologized for playing golf at an all-white country club in Little Rock, shouldn't it disqualify your nominee for Associate Attorney General, Webb Hubbell? Is there an exception because he's a

family friend? And are the local civil rights leaders wrong when they say that his attempts to integrate the club appeared to have been a last-minute political conversion?

**The President.** Absolutely not.

**Q.** Are the local civil rights leaders wrong when they say that his attempts to integrate the club appeared to have been a last-minute political conversion?

**The President.** No. As a matter of fact, if you go back—first of all, let me—the first question is no, he should not be disqualified. The second question is, is it a last-minute conversion? The African American who joined the club testified that Webb Hubbell had been trying for years to get him to do it, and he had not agreed. That's what the record shows. Thirdly, my belief is that the overwhelming majority of African American leaders in my State would very much like to see him confirmed. He has always had a reputation as being a strong advocate of civil rights, whether as Mayor of Little Rock or chief justice of the supreme court of my State. He is a very eminent citizen with a very good background. And I think the vast majority of the civil rights leaders of my State will advocate his appointment based on his record. And I think on the facts of this, I just wouldn't—this last-minute conversion thing just doesn't hold water.

**Q.** What does it say then, sir, that he should be a member of an all-white country club, as other members of your Cabinet also are or were when it was still all white?

**The President.** I think he should have either resigned or integrated it. And, of course, he was in the middle. He said, "I tried for years to integrate it, and it took me too long to succeed." What I think is really the case is that some of the other people may have been blocking it. He was trying for years to do it. I know that because I used to hit on him about it for years.

Go ahead, Mara [Mara Liasson, National Public Radio].

#### **Bosnia**

**Q.** Mr. President, I want to go back to a question that Helen asked earlier about your indecisiveness over Bosnia. I'm wondering how you think that's affected perceptions of you as a leader? There is a concern re-

flected in polls and in some comments from Democratic Members in Congress that you are indecisive and perhaps not tough enough to tackle all the problems.

**The President.** Well I'd just like to ask you what their evidence is? When "Russia" came up the United States took the lead, and we got a very satisfactory result. When I took office I said we were going to try to do more in Bosnia. We agreed to go to the Vance-Owen peace process, and two of the three parties signed on. We got enforcement of the no-fly zone. We began to engage in multi-national humanitarian aid. We got much, much tougher sanctions. We got the threat of military force on the table as a possible option. Milosevic changed his position. All because this administration did more than the previous one.

And every time I have consulted the Congress they say to me in private, this is a really tough problem. I don't know what you should do but you're the only President that ever took us into our counsel beforehand; instead of telling us what you were going to do, you actually ask us our opinion. I do not believe that is a sign of weakness. And I realize it may be frustrating for all of you to deal with the ambiguity of this problem but it is a difficult one.

I have a clear policy. I have gotten more done on this than my predecessor did. And maybe one reason he didn't try to do it is because if you can't force everybody to fall in line overnight for people who have been fighting each other for centuries, you may be accused of vacillating. We are not vacillating. We have a clear, strong policy.

In terms of the other issues, who else around this town in the last dozen years has offered this much budget cutting, this much tax increases, this much deficit reduction, and a clear economic strategy that asks the wealthy to pay their fair share, gives the middle class a break, and gives massive incentives to get new investment and new jobs in the small business community and from large business as well? I think—I don't understand what—on one day people say he's trying to do too much. He's pushing too hard. He wants too much change. And then on the other day he says, well, he's really not pushing very hard. I think we're getting good re-

sults. We've been here 3 months. We've passed a number of important bills, and I feel good about it.

I think the American people know one thing: that I'm on their side, that I'm fighting to change things. And they're finding out it's not so easy. But we are going to get a lot of change out of this Congress if we can keep our eye on the ball and stop worrying about whether we characterize each other in some way or another and keep thinking about what's good for the American people.

Every day I try to get up and think about not what somebody characterizes my action as but whether what I do will or will not help to improve the lives of most Americans. That is the only ultimate test by which any of us should be judged.

Thank you very much.

NOTE: The President's 15th news conference began at 1:05 p.m. in the Rose Garden at the White House. In his remarks, the President referred to President Slobodan Milosevic of Serbia.

## **Proclamation 6561—Small Business Week, 1993**

*May 14, 1993*

*By the President of the United States  
of America*

### **A Proclamation**

Over 200 years ago, the Constitutional Convention gave America the foundation of our great civil and human rights, as well as our commercial rights. By freeing commerce from the fetters of mercantilism, our Founding Fathers released the creativity and entrepreneurial spirit of the American people. Small merchants and businessmen provided the simple beginnings of what has become a vast and innovative economy. Since 1789, it has become abundantly clear that for our Nation to flourish, small businesses must continue to succeed and prosper.

Small businesses create two-thirds of all the new jobs in the United States, putting the American Dream within reach of hundreds of thousands of men and women of all backgrounds. Small businesses generate more than 57 percent of all sales and half

of the domestic private sector output. Thousands of our Nation's most innovative companies and most nimble competitors come from the ranks of small businesses. And often, whole new industries are created when entrepreneurs found new companies to bring new products and services to market. The drive that is required to begin and run a small business illustrates the determination, hard work, and community involvement that are so essential to our free enterprise system.

We must recognize these contributions and help small business help the country, creating jobs and wealth. Those willing to take risks must be rewarded; government must implement sensible regulations and attack the enormous costs of health care that stifle the growth of so many American companies. America must continue to be a fertile land for industry.

**Now, Therefore, I, William J. Clinton,** President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim the week of May 9 through May 15, 1993, as the 30th "Small Business Week," and I call on every American to join me in recognizing the importance and contributions of small businesses across the Nation.

**In Witness Whereof,** I have hereunto set my hand this fourteenth day of May, in the year of our Lord nineteen hundred and ninety-three, and of the Independence of the United States of America the two hundred and seventeenth.

**William J. Clinton**

[Filed with the Office of the Federal Register, 4:42 p.m., May 14, 1993]

NOTE: This proclamation will be published in the *Federal Register* on May 18.

### **Message to the Congress Reporting on the National Emergency With Respect to Iran**

*May 14, 1993*

*To the Congress of the United States:*

I hereby report to the Congress on developments since the last Presidential report on

November 10, 1992, concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 of November 14, 1979, and matters relating to Executive Order No. 12613 of October 29, 1987. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c). This report covers events through March 31, 1993. The last report, dated November 10, 1992, covered events through October 15, 1992.

1. There have been no amendments to the Iranian Transactions Regulations ("ITRs"), 31 CFR Part 560, or to the Iranian Assets Control Regulations ("IACRs"), 31 CFR Part 535, since the last report.

2. The Office of Foreign Assets Control ("FAC") of the Department of the Treasury continues to process applications for import licenses under the ITRs. However, as previously reported, recent amendments to the ITRs have resulted in a substantial decrease in the number of applications received relating to the importation of nonfungible Iranian-origin goods.

During the reporting period, the Customs Service has continued to effect numerous seizures of Iranian-origin merchandise, primarily carpets, for violation of the import prohibitions of the ITRs. FAC and Customs Service investigations of these violations have resulted in forfeiture actions and the imposition of civil monetary penalties. Additional forfeiture and civil penalty actions are under review.

3. The Iran-United States Claims Tribunal (the "Tribunal"), established at The Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. Since the last report, the Tribunal has rendered 12 awards, for a total of 545 awards. Of that total, 367 have been awards in favor of American claimants: 222 of these were awards on agreed terms, authorizing and approving payment of settlements negotiated by the parties, and 145 were decisions adjudicated on the merits. The Tribunal has

issued 36 decisions dismissing claims on the merits and 83 decisions dismissing claims for jurisdictional reasons. Of the 59 remaining awards, 3 approved the withdrawal of cases, and 56 were in favor of Iranian claimants. As of March 31, 1993, awards to successful American claimants from the Security Account held by the NV Settlement Bank stood at \$2,340,072,357.77.

As of March 31, 1993, the Security Account has fallen below the required balance of \$500 million 36 times. Iran has periodically replenished the account, as required by the Algiers Accords, by transferring funds from the separate account held by the NV Settlement Bank in which interest on the Security Account is deposited. Iran has also replenished the account with the proceeds from the sale of Iranian-origin oil imported into the United States, pursuant to transactions licensed on a case-by-case basis by FAC. Iran has not, however, replenished the account since the last oil sale deposit on October 8, 1992. The aggregate amount that has been transferred from the Interest Account to the Security Account is \$874,472,986.47. As of March 31, 1993, the total amount in the Security Account was \$216,244,986.03, and the total amount in the Interest Account was \$8,638,133.15.

4. The Tribunal continues to make progress in the arbitration of claims of U.S. nationals for \$250,000.00 or more. Since the last report, nine large claims have been decided. More than 85 percent of the nonbank claims have now been disposed of through adjudication, settlement, or voluntary withdrawal, leaving 76 such claims on the docket. The larger claims, the resolution of which has been slowed by their complexity, are finally being resolved, sometimes with sizable awards to the U.S. claimants. For example, two claimants were awarded more than \$130 million each by the Tribunal in October 1992.

5. As anticipated by the May 13, 1990, agreement settling the claims of U.S. nationals for less than \$250,000.00, the Foreign Claims Settlement Commission ("FCSC") has continued its review of 3,112 claims. The FCSC has issued decisions in 1,201 claims,

for total awards of more than \$22 million. The FCSC expects to complete its adjudication of the remaining claims in early 1994.

6. In coordination with concerned Government agencies, the Department of State continues to present United States Government claims against Iran, as well as responses by the United States Government to claims brought against it by Iran. In November 1992, the United States filed 25 volumes of supporting information in case B/1 (Claims 2 & 3), Iran's claim against the United States for damages relating to its Foreign Military Sales Program. In February of this year, the United States participated in a daylong pre-hearing conference in several other cases involving military equipment. Iran also filed a new interpretative dispute alleging that the failure of U.S. courts to enforce an award against a U.S. corporation violated the Algiers Accords.

7. As reported in November, Jose Maria Ruda, President of the Tribunal, tendered his resignation on October 2, 1992. No successor has yet been named. Judge Ruda's resignation will take effect as soon as a successor becomes available to take up his duties.

8. The situation reviewed above continues to involve important diplomatic, financial, and legal interests of the United States and its nationals. Iran's policy behavior presents challenges to the national security and foreign policy of the United States. The IACRs issued pursuant to Executive Order No. 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. Similarly, the ITRs issued pursuant to Executive Order No. 12613 continue to advance important objectives in combating international terrorism. I shall exercise the powers at my disposal to deal with these problems and will report periodically to the Congress on significant developments.

**William J. Clinton**

The White House,  
May 14, 1993.

### **Nomination for an Assistant Secretary at the Department of the Treasury**

*May 14, 1993*

The President will nominate Richard Carnell, the senior counsel of the Senate Banking Committee and former attorney for the Federal Reserve Board, to be Assistant Secretary of the Treasury for Financial Institutions.

"Richard Carnell has been consistently recognized for his expertise in banking law and his ability to help shape policy decisions," said the President. "I look forward to him playing a key role in shaping banking policy in the next 4 years."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

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### **Digest of Other White House Announcements**

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The following list includes the President's public schedule and other items of general interest announced by the Office of the Press Secretary and not included elsewhere in this issue.

#### **May 8**

In the morning, the President met with national security advisers.

#### **May 9**

In the afternoon, the President and Hillary Clinton went to the National Gallery of Art where they toured an exhibit of French paintings.

#### **May 10**

In the morning, the President traveled to Cleveland, OH, and then went to Chicago, IL, where he remained overnight.

#### **May 11**

In the afternoon, the President returned to Washington, DC.

#### **May 12**

In the afternoon, the President traveled to New York City, and returned to Washington, DC, later that night.

#### **May 13**

In the afternoon, the President had lunch with the Vice President. He then met with members of the National Association of Private Enterprise and a group of departing White House military aides.

The President announced his approval of the appointments of John Horsley to be Deputy Assistant Secretary of Transportation for Governmental Affairs, Kathryn Kahler to be Director of Communications at the Department of Education, Ken Thorpe to be Deputy Assistant Secretary of Health and Human Services for Planning and Evaluation, and Susan Levine to be Deputy Assistant Secretary of the Treasury for International Development and Debt Policy.

#### **May 14**

In the afternoon, the President met with President Mary Robinson of Ireland.

The President appointed Clifton H. Hoofman to be a member of the National Council on Surface Transportation, and Frances M. Visco to be a member of the President's Cancer Panel.

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### **Nominations Submitted to the Senate**

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The following list does not include promotions of members of the Uniformed Services, nominations to the Service Academies, or nominations of Foreign Service officers.

#### **Submitted May 10**

Vicky A. Bailey, of Indiana, to be a member of the Federal Energy Regulatory Commission for the term expiring June 30, 1996, vice Jerry Jay Langdon, term expired.

#### **Submitted May 12**

Christopher Finn, of New York, to be Executive Vice President of the Overseas Private Investment Corporation, vice James David Berg, resigned.



**Submitted May 14**

Philip R. Lee,  
of California, to be an Assistant Secretary of  
Health and Human Services, vice James O.  
Mason, resigned.

Penn Kemble,  
of New York, to be Deputy Director of the  
United States Information Agency, vice Eu-  
gene P. Kopp, resigned.

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**Checklist  
of White House Press Releases**

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The following list contains releases of the Office  
of the Press Secretary that are neither printed as  
items nor covered by entries in the Digest of  
Other White House Announcements.

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**Released May 8**

Transcript of a press briefing by Director of  
Communications George Stephanopoulos

**Released May 12**

Transcript of a press briefing by Press Sec-  
retary Dee Dee Myers

**Released May 13**

Transcript of a press briefing by Press Sec-  
retary Dee Dee Myers

Transcript of a press briefing by Director of  
Communications George Stephanopoulos

**Released May 14**

Transcript of a press briefing on the eco-  
nomic plan by Director of the Office of Man-  
agement and Budget Leon Panetta, Sec-  
retary of the Treasury Lloyd Bentsen, and  
Chairman of the Council of Economic Advis-  
ers Laura D'Andrea Tyson

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**Acts Approved  
by the President**

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NOTE: No acts approved by the President were  
received by the Office of the Federal Register  
during the period covered by this issue.